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# **West Europe Report**

**No. 1658**



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24 November 1980

## WEST EUROPE REPORT

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## CONTENTS

## THEATER NUCLEAR FORCES

## FRANCE

- All Units To Be Equipped With Roland Missile by 1986  
(Serbe Brosselin; LE FIGARO, 11-12 Oct 80)..... 1

## ITALY

- Locals Object to NATO Bases in Sardinia  
(Lina Coletti; L'EUROPEO, 21 Oct 80)..... 3

## ENERGY ECONOMICS

## ITALY

- President of Italgas Interviewed on Capital Investments  
(Giovanni Molinari Interview; LA REPUBBLICA, 7 Oct 80)..... 8

## NETHERLANDS

- Social Partners on Investment of Surplus Natural Gas Money  
(Piet Goosen; ELSEVIERS WEEKBLAD, 11 Oct 80)..... 12

## COUNTRY SECTION

## INTERNATIONAL AFFAIRS

- Background of Socialist International Given  
(Hugues Portelli, Guillaume Devin; LE MONDE DIMANCHE,  
2 Nov 80)..... 16

- Europe-Japan Trade Deficit Doubles in 5 Years  
(LE FIGARO, 14, 15 Oct 80)..... 24

Debate Centers on Auto  
French Ties to Japan

Norway, Sweden To Cooperate on Submarines for Norway (THE NORWEGIAN JOURNAL OF COMMERCE AND SHIPPING, 4 Nov 80).....	27
---	----

## CANADA

Quebec, Newfoundland at Odds Over Electricity Sales (LA PRESSE, 6, 1 Oct 80).....	28
Unfortunate 1969 Contract Quebec Blocked Undersea Transmission Not Feasible	

## CYPRUS

Distribution of Public Land Begins (BOZKURT, 4 Oct 80).....	33
Hope Held Out for Communal Peace (Kemal Asik; HAIKIN SESI, 6 Oct 80).....	35
Significant Progress Reported in Refugee Resettlement (Giorgos Athnasiou; O OIKONOMIKOS TAKHYDROMOS, 2 Oct 80).....	37

## DENMARK

Poll Examines Relation of Economic Conditions, Party Ties (Hans J. Poulsen; BERLINGSKE TIDENDE, 17 Oct 80).....	41
Industry Enters Labor Talks With All Advantages (Frank Dahlgaard; BERLINGSKE TIDENDE, 21 Oct 80).....	45
Deputy Director of Haastrup Fabriker Discusses Trade Relations With Poland (Flemming J. Mikkelsen; BERLINGSKE TIDENDE, 20 Oct 80).....	49
Semiskilled Workers Union Elects Hargy Hansen Chairman (Solveig Rodsgaard; BERLINGSKE TIDENDE, 10 Sep 80).....	51

## FEDERAL REPUBLIC OF GERMANY

Financial, Military Problems Facing New Government (DER SPIEGEL, 6 Oct 80).....	55
--	----

## FINLAND

Editor Cites Concern Raised by Saarinen's Koivisto Comment (Editorial, Jan-Magnus Jansson; HUFVUDSTADSBLADET, 24 Oct 80).....	63
Wartsila Gets Large Soviet Ship Order, Includes Cable Craft (HELSINGIN SANOMAT, 25 Oct 80).....	66
Uusimaa Province To Test Civil Defense Evacuation Plan (HELSINGIN SANOMAT, 23 Oct 80).....	68



## Briefs

Liberal Youth Leader Disciplined	70
SKIL Weighs Election Losses	70

## FRANCE

Giscard's China Trip: Bridge to Economic, Cultural Exchange (LE MONDE, 15, 16 Oct 80).....	71
Obstacles to Surmount, by Alain Jacob Possible Agronomic Cooperation, Caudeiron Interview Present, Future Situation Industrial, Technical Links, by Maxime Doublet	
Election Campaign 1981: Biography of RPR's Debre (Genevieve Galey; LE POINT, 20-26 Oct 80).....	80
Polls Show Rocard Credible, of Presidential Stature (Claude Weill; LE MATIN, 21 Oct 80).....	86
Barre Refuses To Devalue Franc: Possible Economic Effects (Editorial; LE MONDE, 17 Oct 80).....	88
Elleinstein: PCF Tries New Method To Silence Dissidence (Jean Elleinstein Interview; LE MATIN, 24 Oct 80).....	89
Elleinstein Rebukes Soviets on Labor Camps (Jean Elleinstein; LE FIGARO MAGAZINE, 18 Oct 80).....	92
Sources, Causes of Terrorist Attacks Debated (Jean-Marie Pontaut; LE POINT, 13 Oct 80).....	95
Briefs Public for Rocard	100

## GREECE

Oil Reserves Status Reported (Ap. Strongylis; EPIKAIRA, 2-8 Oct 80).....	101
Economist Reports on Need for Trained Business Personnel (G. D. Vazos; O OIKONOMIKOS TAKHYDROMOS, 18 Sep 80).....	103
Status on Nestos River Issue With Bulgaria (G. Katsonis; EPIKAIRA, 2-8 Oct 80).....	109

## ITALY

President of IASM Interviewed on U.S. Trip (Nino Novacco Interview; LA GAZZETTA DEL MEZZOGIORNO, 14 Oct 80).....	111
--	-----

Organized Labor Inches Toward Unity (RASSEGNA SINDACALE, 16 Oct 80; L'UNITA, 17 Oct 80).....	114
---	-----

CGIL Secretary Interviewed  
CGIL-CISL-UIL Communiqué

EEC Grants 20 Billion Lire to Campania Region (Gianni Festa; IL MATTINO, 15 Oct 80).....	123
---	-----

Population Trends, Labor Force Outlook for 1980-1994 (Antonella Pinelli; POLITICA ED ECONOMIA, Sep 80).....	125
--	-----

## PORTUGAL

MDP/CDE Plans for Presidential Election Campaign (O JORNAL, 17-23 Oct 80).....	133
---	-----

Presidential Election Campaign Calendar (O JORNAL, 17-23 Oct 80).....	135
--	-----

Proposed Changes in Presidential Election Law (Pedro Cid; O JORNAL, 17-23 Oct 80).....	136
---	-----

FRS Position in Presidential Elections, Relationship to AD (Antonio Reis; O JORNAL, 17-23 Oct 80).....	138
---	-----

Economic Indicators, 1981-1984 Macroeconomic Projections (Daniel Amaral; O JORNAL, 17-23 Oct 80).....	144
--	-----

## SPAIN

Relationship With Eurocommunism Movement Factionalizes PCE (Ernesto Garcia Herrera; LE SOIR, 19-20 Oct 80).....	151
--	-----

## SWEDEN

Liberals, Center Party Must Cooperate Better (Editorial; DAGENS NYHETER, 26 Oct 80).....	154
---	-----

Pro-CCP Organ Reports Merger of Marxist-Leninist Groups (Anders Sundelin; GNISTAN, 24-30 Oct 80).....	156
--	-----

Briefs Facts on MLK	159
------------------------	-----

## TURKEY

Council of Europe Keeps Close Watch on Turkey (Nusret Ozgul; MILLIYET, 2 Oct 80).....	160
--	-----

Council of Europe Scores Visa Regulations (Engin Atac; HURRIYET, 3 Oct 80).....	164
--	-----

Turkmen Reviews Turkish Foreign Policy (Nilufer Yalcin; MILLIYET, 26 Sep 80).....	166
Uluslu, Ersin Discuss New Administration (MILLIYET, 1 Oct 80).....	169
Retirement Issue Returns to Forefront (HURRIYET, 5 Oct 80).....	172
'CUMHURIYET' Discusses Need for Immediate Reforms (Ugur Mamcu; CUMHURIYET, 7 Oct 80).....	175
Call Made for Educational System To Serve Nation (CUMHURIYET, 6 Oct 80).....	178
Evren Speaks at War College Ceremony (TERCUMAN, 1 Oct 80).....	180
Evren Gives Military Perspective on Coup (HURRIYET, 3 Oct 80).....	184
Contracting for Weapons Modernization Completed (Nilufer Yalcin; MILLIYET, 5 Oct 80).....	188
Search for Oil Reserves Intensifies (MILLIYET, 6 Oct 80).....	190
Labor Contract Talks Held in Abeyance (Sukran Ketenci; CUMHURIYET, 3 Oct 80).....	192
Coup's Impact on Workers Abroad Assessed (TERCUMAN, 5 Oct 80).....	194
Gold Reserves, Foreign Exchange Register Increase (Ugur Aker; MILLIYET, 26 Sep 80).....	197
Tax Reform Issue Given New Impetus (MILLIYET, 5 Oct 80; TERCUMAN, 7 Oct 80).....	198
Methods for Tax Reform Examined, by Halil Nadaroglu Tax Bills Nearly Completed	
Inflation To Approach 100 Percent This Year (MILLIYET, 7 Oct 80).....	202
Ozal Discusses Quest for Economic Stability (MILLIYET, 27 Sep 80).....	203
Sale of Parcel Land To Be Banned (Bulent Erandac; HURRIYET, 3 Oct 80).....	207

## ALL UNITS TO BE EQUIPPED WITH ROLAND MISSILE BY 1986

Paris LE FIGARO in French 11-12 Oct 80 p 5

[Article by Serbe Brosselin: "By 1986 All Units Will Be Equipped With the Roland Missile"]

[Text] Should a conflict break out in Europe, the antiaircraft protection of the battle corps facing attacks mounted by strong enemy combat aircraft and helicopters would be a priority sector on which the high command would concentrate all its efforts.

From the very first hours of the battle the success or failure of a maneuver would depend on the units in charge of the army corps ground-air defense. Should the allies lose control of the skies in a general offensive mounted by the Warsaw Pact, the great majority of Western armored divisions would be pinned to the ground and the outcome of the conflict would become extremely uncertain.

Such a diagnosis sums up the essence of statements and comments voiced after 2 days spent by the ground army headquarters in the presentation of the Roland anti-aircraft system, supplied to the basic army corps regiments.

The military experts seem concerned more with the improved performance of such ordnance rather than the quantitative aspect of the threat of the Soviet Union having, by itself, 8,700 combat aircraft and 3,500 helicopters. The quadrupling of the range and the payload and the progressive development of the "all weather" ability of such aircraft, as well as a certain mastery noted in the concept of electronic warfare systems have led to the need to revise a certain number of data. First of all, the Soviet forces are being supplied with ever greater means for achieving the almost systematic saturation of antiaircraft defenses. It is considered, in fact, that major units consisting of 30 to 50 airplanes in patrols of four, six or eight airplanes, could attack at very high speed (Mach 1.3) a single target or neighboring targets along different axes. Nevertheless, according to the assessment of the threat, it appears that the helicopter gunship may be given priority over the airplane as fire support for the ground troops, since a periscope mounted on the rotor axis would allow such helicopters to observe the fire perimeter assigned to them while protecting their safety with the configuration of the ground.



According to the French specialists who were present on Tuesday and Wednesday at the School for Ground-Air Artillery Use in Nimes believe, therefore, that modern combat is assuming an air-ground dimension which requires perfect coordination not only with the French air force but also with the NATO forces in the hypothesis that there would be "a single battle space."

Currently the first and second army corps, equipped with the Hawk high altitude intercept missile, consider the Roland "clear weather" version for very low altitude protection. As of 1982 the ground forces will receive the "all weather" version of this missile which has also been chosen by the Bundeswehr. It has been specified that all French units will be equipped with the missile by 1986-1987. At that time each army corps will have three ground-air artillery regiments: one Hawk regiment and two Roland regiments, one-half of the latter being equipped with the "clear weather" version of the missile while the other would have the "all weather" version with radar guidance which is far more effective at night or in bad weather.

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CSO: 3100

## LOCALS OBJECT TO NATO BASES IN SARDINIA

Milan L'EUROPEO in Italian 21 Oct 80 pp 24-26

[Article by Lina Coletti: "Would You Sleep on 200 Tons of TNT?"]

[Text] The Sardinians are getting tired of being a NATO colony. Especially because they house the largest atomic arsenal in the world.

Cagliari--They have taken from them almost a tenth of the territory and almost 200,000 hectares are now barred from pasturage, agriculture, industry, tourism.

They have taken this away from them for "military service," a term designating the restrictions imposed on specific areas regarded as necessary for the requirements of defense and training.

Escalation began in the 1950's, when the island was, practically, a large Christian Democrat fief and it was a time of great political apathy and of a lack of civic growth. But now the Sardinians are rebelling. They know that they are living on a floating fortress ("a real powder magazine against which intercontinental missiles are already aimed and that will be the first target, in case of war," they say), and this has awakened in them an awareness that had dozed off somewhat.

There is unrest a bit everywhere. In Villagrande, Nuoro Province, for example, which has already put 4,500 hectares in service of the military and from which they want to expropriate 200 more hectares. Or in San Vero, Oristano Province, where installation of a radar base is planned and perhaps also a nuclear powerplant. Or in Cabras, where a "peace march" was organized already last March. Or in Arbus, which has Cape Frasca in the vicinity with 5,000 hectares permanently occupied and 30,000 during NATO and United States supersonic training exercises.

In short, on the one hand discontent transformed into revolt is feared, on the other hand the shepherds in Orgosolo are beginning to become legendary again. They won the battle in 1969, when the installation of a firing range was started at Prato-bello and they occupied it with women, old persons and children and then, unarmed, they opposed policemen, carabinieri and blue berets, shouting "if you really want to shoot, fire on us."

We wonder why Sardinia? And why Sardinia any more than Friuli? The answer is simple: because an island in the center of the Mediterranean is involved and,

therefore, a kind of unsinkable aircraft carrier. ("We are the fulcrum of the Spain-Turkey axis," Ugo Dessy, a writer, an inveterate antimilitarist and perhaps the best known expert on these matters, says. "That fulcrum that the Americans graciously call a 'link in NATO's defense chain'.")

An island that has a precise position on the NATO chessboard and, therefore, a precise role that has been developed along with the armament race of the great powers, but it is not a postwar invention of the Pentagon, if it is true, as it is true, that Hitler already, aware of its strategic position, aimed at Sardinia especially as an air base.

Moreover, Sardinia, because of its technological inferiority. And because of its historical-economic situation as a depressed region. "A region," Dessy maintains, "where it is easier than elsewhere to set up industries of the most polluting kind like petrochemical plants and bases of the most dangerous kind like nuclear bases. It seems obvious to me to put a missile launching pad with less problems on our mountains, rather than where interests are so great that they would end up jeopardizing profits. There was, in fact, an American base at Pfalz, in the Rhineland. But because its jets trained in the Ruhr skies, which is a highly industrialized region, they finally dismantled it and began to strengthen the Decimo base, because it is clear at the situation in Decimo is one of underdevelopment, and in a situation of underdevelopment, the people react little, because they are concerned with their own survival."

It is a fact that the Sardinians are paying in impoverishment, in desertification, in forced emigration (in 30 years about 800,000 have left), in impoverishment of agriculture, industry, cattle-raising, fishing and tourism. Gianni Azzeni, mayor of Arbus, says: "There has been a crisis in the mining sector, then one in textiles. We thought that we would stem unemployment by engaging in tourism, because we are aware that it is one of the leading sectors in our income and that we could triple it without the military. But the warlords are not interested in these problems."

The Sardinians are also paying in immediate and future risks, actually. In 1972, a fisherman who was fishing for mullets in the vicinity of Cape Prasca was machine-gunned by mistake by a Phantom jet. And a little later, a missile devastated fields at Salto di Quirra. And they say that another missile, "flying wild in the sky of Perdasdefogu, began to follow an airliner."

Michele Antonio Ledda, mayor of San Vero, relates that the windows in all the houses along the coast are "broken" with regular frequency. "Now the military claim that radar is indispensable to the success of exercises, but so far exercises have been conducted without it and, therefore, one of two things: either they are lying, or they are fools who, however, also involve us in danger."

Dessy says: "About 100 fighter-bombers conduct firing exercises daily between Decimo and Cape Prasca. And they certainly are supersonic jets with nuclear warheads."

This is, in fact, the primary fear, fear of the nuclear danger. Dessy maintains that the Sardinians "are 'privileged' to have an amount of nuclear deterrent equal to at least 200 tons of TNT in each warhead, against 15 in the 'fortunate' countries and 60 in the satellite countries, that is to say NATO and the Warsaw Pact."

Others point out that, in addition to weapons and surface-to-air means, there are at least three bases (two shelter and one maintenance) for nuclear-powered submarines (in slang, the notorious "hunter-killer" submarines) equipped with MIRV [Multiple Independently Targetable Reentry Vehicle] with multiple warhead. The first base is at Cagliari (the periodical SCINTEIA spoke of it already in the 1960's). The second one is at Tavolara (a huge, extremely sophisticated underground hiding-place). The third one is at Santo Stefano, a small island south of Maddalena, where the hunter-killer submarines park calmly just as the "USS Howard W. Gimore," a tender for their maintenance and repair, is calmly parked.

The story began in 1964, when the Maritime Military Command, at the request of the Pentagon, assigned 40,000 square meters to it, by means of an urgent order. In 1972, the cruiser "Springfield", the "Fulton," three submarines and the aircraft carrier "Kennedy" arrived. A parade in the grand style. There was still talk about a NATO naval base, but not of an American nuclear base. And the people were still kept silent, reassured on the absolute lack of dangers and with promises of water, toilets, schools, athletic fields and many dollars.

Only with the passage of time did they become aware that the dangers were real and the benefits were not real, in view of the fact that, as they say here, "the Americans buy in their shops, and at any rate bring inflation, bring rents that go sky-high, also bring, with their dollars, drugs, contraband, prostitution, crime."

According to the experts, at least 25 hunter-killer submarines are said to be sailing in the Mediterranean, the same ones that go periodically to Santo Stefano for overhaul and whose presence is giving rise to an increase in radioactivity.

It is known that, already in 1974, the French officially reported radioactive pollution of the waters of southern Corsica, the closest to Maddalena. It is known that the latest investigation in Sassari Province, ready for several months now, admits the presence of cobalt 60 "in significant amounts in algae and shellfish." (A judge, Gianfranco Amendola, wrote that "cobalt 60 has a half-life of 5 years. Therefore it is added and accumulates especially in sea organisms.") And it is also known that there has been an appreciable increase, in the area, of fetal malformations, leukemia and tumors. "All ailments typical of this kind of contamination," S.P., a chemist in Palau, maintains. "Moreover, why should we be amazed at this? Every technician is well aware that, normally, a nuclear-powered engine releases radioactive wastes."

Meanwhile, the monitoring station in existence for inspecting air-sea radioactivity risks being shut down owing to lack of ministerial funds. And data of surveys by the CNEN [National Nuclear Energy Commission] and the United States are still top secret. There is not even an emergency plan for cases of calamity, Dessy says. Therefore, fear of accidents is increasing.

[Map on next page]



**No Trespassing Beyond These Signs**

The following is the map of the military service areas prepared by Ugo Dessy.

**SARDINIA**



**Key:**

1. Cagliari and vicinity: radio and radar facilities, firing range, fuel storage aircraft, explosives storage, Navy and Air Force oil pipelines.
2. Cape Teulada: training center for Italian Army armored units (CAUC), where NATO units are trained. Ten thousand hectares permanently occupied; 30,000 hectare occupied during exercises.
3. Sulcis-Iglesiente coast area: almost the whole coast, from Cape Teulada to Cape Prasca, is off limits to civilians.
4. Decimomannu: NATO airport used for training jet pilots for firing in the Cape Prasca firing range.
5. Serranti: Air Force base and magazine.
6. Cape Prasca: firing range for NATO and American supersonic aircraft with nuclear armament. Five thousand hectares occupied; 30,000 during exercises. Radar facilities, heliports, supply bases.

7. Monte Arci: American base.
8. Salto di Quirra: experimental missile firing range and (NATO) combined forces training area. New propellants are also tested there. About 45,000 hectares occupied; 145,000 involved during launchings.
9. Tavolara Island: submarine base. Long-range radar and radio facilities.
10. Maddalena Archipelago: fuel storage, arsenals, batteries, barracks and various fortifications. At Santo Stefano, an American nuclear-powered and nuclear-armed submarine support, maintenance and repair nuclear base.
11. Barbagia-Pratosardo-Nuoro: areas for training in dropping special paratroopers, Army magazine, artillery command with center for artillery specialists, Badu 'e Carros superprison.
12. Monti del Limbara: radio and radar facilities.
13. Tempio Pausania: NATO base for research and data-processing and radar and radio facilities.
14. Cape Marrargiu: training camps for special antiguerrilla corps.
15. Asinara Island: Superprison for political prisoners.

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## PRESIDENT OF ITALGAS INTERVIEWED ON CAPITAL INVESTMENTS

Rome LA REPUBBLICA in Italian 7 Oct 80 p 33

[Interview with Giovanni Molinari, president of Italgas, by Massimo Fabbri, in Turin, date not given.]

[Text] Italgas President Molinari tells how his company came to its policy turning-point. Italgas moves full speed ahead with plans to bring methane to the Mezzogiorno.

Italgas, which is fast approaching the 300-billion mark in volume of business, stands at a turning point. On Friday 10 October its board of directors will launch a major 9-year capital investment plan which will call for 50 billion lire. The operation coincides with a stroke of good luck for the company, including some changes in the rate approach, the start of delivery of Algerian gas, the program to bring methane gas to the south, and renewal of the contract with the Comune of Rome, which of itself will assure Italgas half the entire sales of the group, permission to use coal again, and the sale of money-losing companies.

This is a juncture which we feel is nothing less than a historic one, and we talked about it at some length with Italgas president Giovanni Molinari who for 15 years (first as general manager and then as board member and vice president) has had his finger on the Italgas pulse.

[Question] At long last, the hoped-for capital investment package has been delivered. How much new money will this bring into the company's coffers?

[Answer] That will be for the directors to decide at Friday's board meeting. I can say only that the latest investment increase dates back to 1971, and that it came to around 13 billion lire. Since then there has been considerable investment in technology. And that has done a lot of damage to the glowing balance we used to have between our own investments and funds from outside sources. In other words, what we have done is to make a major effort at self-financing, and to push amortizations to very high levels. In any case, the upshot of it all is that today we can go out and ask for new money, offering a financial picture even sounder than the more brilliant one we used to have.

[Question] Just when will these new capital investments be made?

[Answer] They will be made within the shortest time technically compatible with current legislation. We plan to call an extraordinary meeting of stockholders before the end of the year, and to begin implementation of the increased investment plan within the first few months of next year.

[Question] What finally made you decide to go ahead with the capital investment plan was extension of your contract with Rome. Isn't that true?

[Answer] The concession agreement with the commune of Rome is, you might say, the key to the expansion line Italgas has taken. There are as of now 804,000 families in Rome who use gas. Of these, 340,000 are already using natural gas [methane]. Our job now is to build the 40 percent of methane users in Rome to 100 percent within 5 years. And that's not all: the commune has asked us to expand our delivery system to the outlying suburbs as well. We have pledged to do that by the end of 1990. That means that within 10 years 100,000 suburban families will be Italgas customers.

[Question] Isn't 10 years a fairly short term for a concession, though?

[Answer] True enough. However, this particular concession provides for four successive 5-year renewals in the event that the Commune of Rome decides not to take over the utility. Practically speaking, ours is a 30-year concession.

[Question] Might that be partly because the Commune of Rome has become an Italgas shareholder?

[Answer] As a general rule, communes do tend to express a desire to have some say in the decision-making processes in the concession company. In this instance, the Commune of Rome received a bonus of 2 billion lire when the concession was renewed, and it expressed the intention of spending the money on Italgas shares.

[Question] Has it bought those shares yet?

[Answer] I wouldn't know about that. I know that the Commune of Rome does not appear, as of now, on the list of shareholders. But, as you know, the shareholders' list is never absolutely up to date. I think that once the shares are bought, the Commune will be the first to let us know.

[Question] Does that mean that Rome will have a seat on the Italgas board of directors?

[Answer] Of course. It has already filed a request for admission.

[Question] Following the lead of Turin.



[Answer] Turin has had a representative on the board for some time now, although its share package is so small as to be practically irrelevant. If I recollect correctly, Turin holds about 100,000 shares, which it may have held since before the war.

[Question] Let's get back to Rome. Did the 2 billion lire you gave it come out of a sinking fund?

[Answer] By no means. If the city takes delivery of the installations by the end of the 10-year deadline it will have to give back the money. If the concession is renewed for another 20 years, the bonus will be amortized.

[Question] How much is Italgas planning to invest in Rome?

[Answer] We plan to invest about 60 billion lire a year, on the average, over the next 3 years, all told. Bringing natural gas to Rome will take about half of that sum.

[Question] What about the Mezzogiorno?

[Answer] The super-decree bill appropriated 600 billion lire to subsidize construction of new city gas mains to handle the start of delivery of Algerian methane. There is no doubt that the original appropriation will be renewed. These are investments in addition to those Italgas has already made in the Mezzogiorno, where it is operating in Messina, Catania, Matera, Potenza, Gaeta, Formia, and other cities. The company plans to establish the same relative presence (around 30 percent of the market) in the south as it has in the north.

[Question] Is it true that restored approval of the use of coal opens up some rosy prospects for Italgas' Funivie [cable-car] division?

[Answer] Of course. This is a one-of-a-kind installation. Right now, the Savona-San Giuseppe di Cairo line can carry 2 million tons of coal a year. We are looking at plans now to increase that capacity to 6 or 8 million tons. Via the funivia, the coal can be carried directly down from the port of Savona into the Po Valley. It is an interesting prospect, because ENEL is currently planning to build a number of thermal power plants in the Po Valley.

[Question] Doesn't Italgas operate a coking plant, too?

[Answer] We sold it to Samom (a member of the ENI group) for 1 lira. It was losing money, costing us 4.5 billion lire. Getting rid of it enabled us to pay off the outstanding loans.

[Question] How is Italgas doing this year?

[Answer] Once the provincial authorities for Turin and Rome implement the Interministerial Price Committee (CIP) decision to revise the utility rate structures, the second half of the year will be a lot better.

[Question] And will the dividends be sweeter?

[Answer] There was no answer from Mr Molinari. He says that management must please the shareholders. He refused to comment on the terms of the stock split, either. He has a legendary reputation for keeping his own counsel. We reported several days ago that it would probably mean a doubling of the issue to be completed in two phases: from 50 to 75 billion on purchase options (one share for every two at 1,000 lire) and from 75 to 100 billion free (one share for every three).

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CS0: 3104

## SOCIAL PARTNERS ON INVESTMENT OF SURPLUS NATURAL GAS MONEY

Amsterdam ELSEVIERS WEEKBLAD in Dutch 11 Oct 80 p 19

[Article by Piet Goosen: "Political Dance Around the Natural Gas Billions"]

[Text] It is clear that our distressed industry will profit from the dance around the golden calf of the extra natural gas billions. The question is how, in what manner, shall Spierenburg's 2 billion guilders breathe new life into industry?

General and overall lightening of tax burdens, as the government wishes? Or directional and selective, as the FNV [Netherlands Trade Unions Federation], PvdA [Labor Party], and, with modifications, the CDA [Christian Democratic Appeal] wish?

There is also the question of whether the extra natural gas money shall be used for "structural improvement of the economy" or for "quick employment," and those can be two entirely different things.

While the economy is shrinking, industry is ailing, and the buying power of wages and welfare benefits is being undermined, Spierenburg, government commissioner for natural gas prices, has, like a Santa Claus ahead of schedule, brings in the only pleasant thing for the people: at least 2 billion guilders a year in extra natural gas profits thanks to improvement of the contracts with foreign customers. And if the oil price rises, and it does, the extra proceeds rise nicely with it. Cash for the treasury.

It is no wonder that with all the misery in this country everybody is thankfully pouncing on the great windfall. The dance around the golden calf is one of the main features of the political revels in The Hague. There are seven or so different plans for disposing of the money, but practically all of them have in common that the extra natural gas money must in any case go to the distressed economy, in the hope that in good time employment will flow from it. There is no disagreement about that. The question is only how, in what manner, will the money yield the biggest employment returns?

"The fact that things are going badly in the economy is completely camouflaged by the gas exports. Because of the energy crisis the economy is getting poorer and

poorer and the state is getting rich while it sleeps," says Dr R. Braams, member of the Second Chamber. For industry must pay high for energy, but cannot entirely pass the extra costs of energy-intensive products on because of considerations of competitiveness. On the other hand the natural gas money is pouring into the treasury by the scoopful, and thanks to Spierenburg it will soon be flowing in still greater amounts: 12 billion guilders in 1980 and 16.7 billion in 1981 net on a cash basis, half of it coming from abroad and the other half from the Netherlands itself. The Spierenburg effect (on a transaction basis; more about that later), naturally, is not included in those figures.

And the authorities are getting rid of the money by the scoopful at the same time, in welfare benefits. WIR [investment accounting law] premiums and what not. "But strengthening the economy has been neglected," says Braams. "The whole thing has got to be turned around now. If we do not change course we shall be a second-rate country in 10 years.. For there is less than 1.8 trillion cubic meters of natural gas reserves left (the Netherlands uses 45 billion cubic meters annually and is supplying the same amount to other countries.--editors), so that in 20 years it will be gone. After the year 2000 the fairy-tale will be over, and partly so after 1990, for then the export contracts will run out."

In volume the Dutch energy balance is in equilibrium, but in money there is a deficit in 1980 of 5 billion guilders, and next year, in spite of the contribution of the natural gas contracts, there will again be a deficit. Van der Linden, CDA member of the Second Chamber, says, "The energy balance is a manifestation of a prodigious generation egoism. We are squandering energy. If we do not want nuclear power plants, we shall have to invest more money in energy research and improve the structure of industry."

The government wants to dispose of "Spierenburg's" 2 billion guilders in general, overall tax relief for the economy, and that comes typically from the VVD [People's Party for Freedom and Democracy] brain of Gijs van Aardenne, minister of economic affairs: 1.3 billion guilders of it has been exactly designated, and the remaining 700 million guilders will be designated later. That, of course, is a nice piece of change to hand to the sulky parliament, for free spending or to ride hobby-horses with.

#### Bearskin

It is noteworthy that the cabinet is, after a fashion, selling the bearskin before the bear has been shot. The revised export contracts (higher base price, better indexing, and quicker price adjustment) include a transition arrangement up to 1 October 1981. Only after that will the "Spierenburg effect" of 2 billion guilders annually work completely (and as the price of oil goes up, the Spierenburg effect works better). This year the improvement in the contracts will yield 150 million guilders, but the payment will come later, in 1981. Next year there will be an extra yield of 1.3 billion guilders, as estimated by Van Aardenne. But the payment will come later, in 1982. "On a transaction basis," the cabinet correctly adds.

The cabinet is thus dividing up 1.3 billion guilders of extra gas returns that will not come in until 1982, and that, viewed objectively, is not so bad, because the actual paying out to the economy will not take place until 1982 at the



earliest; lowering the tax on profits by a higher deduction for stocks on hand is something for which the first actual payment comes at least a year later and frequently more.

Thus nothing is actually happening; the 1.3 billion guilders on a transaction basis will be given to the economy the next year "on a transaction basis" as tax relief. But politically it is adroit. For it is questionable whether a following cabinet, perhaps of a different composition, which actually gets the 1.3 billion in its possession (on a cash basis) will pour the money into the economy in a similarly liberal way.

We may wonder whether the economy will get much out of the announced tax relief next year. Nothing is paid out. Perhaps the firms will take it into account in some way in their plans, and almost surely the banks will be more willing in 1981 to finance investments in equipment.

#### Directional

But, Van der Hek, PvdA member of the Second Chamber, comments, in that case it means an extra interest burden for the economy in 1982. "The effect of this kind of measures is always somewhat *less* than the money put into them."

While the employers' organizations favor the overall, general disposal of the extra natural gas billions, the trade unions do not. "Directional spending, selective use, a planned, perhaps sectorial approach," are the FNV's key words, and to this Cees Schelling's Food Workers' Union adds the alternative note of protecting social security. But that is nicely neutralized by Arie Groenevelt's Industrial Union, which has in view strengthening the economic structure.

The ink on the budget bill was barely dry when Albeda, minister of economic affairs, announced in the VAKBONDSKRANT, quite contrary to the cabinet's position, that as far as he was concerned the extra natural gas money could be used to promote employment through a so-called "job plan." The FNV is no longer united, nor is the cabinet.

Albeda, of course, has still another problem: he must sell restraint in wage increases (and that can in the long run result in employment), and for that reason he wants very much to hold the appetizing-looking natural gas tidbit out to the trade union movement. But Prime Minister Van Agt, presumably stricken dumb, did not enter into Albeda's escapade.

The affair looks extremely delicate. Rietkerk and Wiegel have unobtrusively let it be known that if Albeda gets his way the VVD will pull out. "Completely incomprehensible" and "very unpleasantly impressed" were the reactions of the employer organizations NCW [Dutch Christian Employers Union] and VNO [Federation of Netherlands Enterprises] to Albeda's utterances.

The CNV [National Federation of Christian Workers in the Netherlands] wants to put a part of the extra natural gas profits plus 1 percent of everybody's gross income into an employment fund, a sympathetic plan but one with difficulties. Albeda showed himself unenthusiastic about it: It does not reduce the wage increase in itself and involves yet another fund. Is that necessary?

## Apparatus

Van der Hek adds that such a fund must be established and managed and must have an apparatus. "That takes another 10 years, while we already have such agencies as the National Investment Bank and the regional development companies."

The PvdA has another plan: Put 1 billion guilders, via the National Investment Bank, into low-interest credits, bank guarantees, and public participations; 500 million into easy export credit, especially for markets in developing countries; 250 million guilders into the regional development companies. A plan--how could it be otherwise--that closely agrees with the FNV desires for a directional, selective approach.

The chorus of plan-makers was also joined by former minister of foreign affairs Duisenberg, who pointed out that the public financing deficit contributes to a cost-increasing effect of the interest rate. Lower the financing deficit with the extra natural gas profits, so that the interest can come down (a 1 percent higher interest means a cost increase to the economy of 1 billion guilders) was his advice.

The VVD stands firm for the general tax relief. Second Chamber member Braams says, "The quicker the measures offer relief the better, and I think it will work fast this way. But it will take a few years before you have jobs."

## "Manna System"

The CDA is not automatically going along with the government plans. CDA'er Weijers says, "The essential problem is how to get work as quickly as possible and how to divide up the work. The extra natural gas money must not be spent dogmatically. Gijs van Aardenne wants the general 'manna system,' but I have my doubts about it. But when you see that he has no more than 30 million guilders left for an overall plan for the textile industry... whereas the vital necessity is to keep the textile industry going. We are thinking more along the line of strengthening the regional and sectoral policy, of directional expenditures, the formation of job agreements and the promotion of part-time jobs." He says, with Lubbers, that the social partners must be involved in the spending of the money.

One point was still under discussion in the CDA at the beginning of this week: Hans de Boer's convincing plea at the ARP [Antirevolutionary Party] dissolution meeting for spending (part of) the extra natural gas money on the developing countries. Weijers says, "You may well wonder whether it is not just and reasonable as a semi-OPEC country to let a part of the natural gas money flow to the developing countries. Opinions concerning this have not yet crystallized out."

Except for this last, the plans tend toward "improving the internal economic structure" and "quick employment." The question must be raised, in parliament and elsewhere, whether the same thing is meant by these and whether they come to the same result. Improving economic structure (it is to be hoped) works over the long term, rapid expansion of employment by pumping billions in, over the short term. But using the billions to keep distressed industries going for the sake of employment has nothing to do with structural improvement; on the contrary.

8815

CSO: 3105

## BACKGROUND OF SOCIALIST INTERNATIONAL GIVEN

Paris LE MONDE DIMANCHE in French 2 Nov 80 p 8

[Article by Hugues Portelli and Guillaume Devin--passages between slantlines originally published in italics]

[Text] The congress of the Socialist International (41 parties) takes place 13-16 November in Madrid. Mr Willy Brandt is expected to be reelected as its head.

When on 3 April 1940 the bureau of the Socialist Workers International [IOS] meets one last time in Brussels, a committee is established to prepare a "program for the reconstruction of Europe" and to agree on the text of a manifesto for May Day. The IOS, paralyzed by its internal divisions (opposition between those who hope to escape Hitler's tide of invasion, in exchange for neutrality, such as the Scandinavians, and the partisans of resistance, like the English) declares itself Platonically /"against a policy of conquest and repression, and in favor of a durable peace based on international cooperation and on democratic understanding between peoples."/

Several weeks later, the Germans enter Belgium. Indeed, the International has already ceased to exist: its secretary, Victor Adler, has withdrawn to New York, its president, Camille Huysmans, has taken the road to London, while the oath which bound the party members together once more flies into pieces: /"During conflicts between nations, the International should be recognized as the highest authority."/\*

Under the auspices of the workers party, contacts are kept up during the war between the groups of exiled socialists. In September 1944, the executive committee of labor decides to study the problems raised by the creation of a /"future international association of socialist and democratic workers parties."/

The first informal conference is convoked at Clacton-On-Sea (Great-Britain) on 18 May 1946 and brings together almost all the socialist parties of Europe (eastern and western), the Argentine, Canadian, and New Zealand socialist parties, and Palestine's (the future MAPAI [expansion unknown]). This conference, behind closed doors, is primarily intended to examine the nature of future relations between the different parties, and particularly to decide whether these

\* Founding congress of the IOS, Hamburg, May 1923.



relations should extend to the USSR and to the European communist parties. This proposal, vigorously criticized by members of the socialist parties, is rejected along with the idea of recreating an International. Nevertheless, the conference decides to establish a liaison office (the Socialist International Liaison Office--SILO).

Very rapidly, the question of alliance with the communists becomes central. The Bournemouth conference in November 1946 once again rejects any solution that tends to create a common front among the socialist parties or to impose a common policy. Union with the Communists remains, in effect, a question for the Socialist Party concerned, with no attempt by the international conference to impose its views. The Zurich conference, held 6-10 June 1947, formulates the desire for a socialist Europe holding itself equidistant from both the USSR and the United States, describing it as /"the foundation of world peace"/<sup>\*</sup>; the split between socialists supporting alliance with the communists (in the West, the Italian PS of Pietro Nenni, in the East the governmental PS's) and those who forcefully reject it (labor party members and social-democrats in Scandinavia) was deepened after the speech by President Truman, but not yet made final. The Anvers conference, in November 1947, which will accept the membership of the SPD, will try once again to avoid an irreparable rupture between the Socialists while still clearly showing its preferences: thus, the Anvers resolution will approve the principle of American aid, but without mentioning the Marshall Plan, and will deplore the disunity in the world working class but without citing the Cominform.

The conference, deeming that /"circumstances at present are not favorable for the creating of a Socialist International,"/ nevertheless substitutes for the liaison office a "Committee on Socialist International Conferences" (COMISCO) composed of one representative from each member party.

It is only after the liquidation of the Eastern European PS's, tragically symbolized in the "Prague coup" (in February 1948), that the socialist international conference, held in London in March 1948, proceeds to /"put an end to the equivocation of certain parties that want to belong to our socialist group while still in fact obeying the directives of Moscow."/ The socialist entities of Czechoslovakia, Bulgaria, Hungary, and Romania, which had rejoined the Communist Party, are excluded. COMISCO makes a final appeal to the Polish and Italian socialist parties. The conference also expresses straightforwardly /"its strong approval of the statement of both Republican and Democratic promoters of aid to Europe."

At Vienna, in June 1948, the Socialist Party of Pietro Nenni is expelled for having refused to break its alliance with the PCI [Italian Communist Party], while COMISCO takes even more radically anticommunist positions. After this "purge" of the "equivocal" parties, a joint declaration of principles becomes possible.

At Paris, in December 1949, COMISCO was to decide to recreate the Socialist International and to establish a subcommittee responsible for preparing the statement of principles of "democratic socialism."

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<sup>\*</sup>[footnote apparently missing]



In March 1951, the socialist conference meets in London, noting that /"almost 5 years ago the International Socialist Conference formalized cooperation between the Democratic Socialist Parties of the world"/ and that its members /"constitute a major force in the affairs of their country and of the world,"/ decided to propose at the next plenary session the rebuilding of the Socialist International. This organization is conceived as a vast forum for discussion, exchanges, and information, making it possible to arrive at common socialist principles on the basis of accords freely reached.

The plenary session in Frankfurt, meeting on 30 July 1951, ratifies the COMISCO resolution and proclaims the constitutional convention of the Socialist International under the chairmanship of Morgan Philipps, secretary general of the labor party.

#### Toward Democratic Socialism

The Frankfurt declaration on /"goals and missions of democratic socialism"/ adopted at the first reconstruction congress of the Socialist International (30 June-3 July 1951) remains even today the basic policy document of the International. It was updated, primarily because of subsequent changes in the communist world, decolonization, and new forms of capitalism, in 1962 in a new statement called the Oslo declaration. The Oslo declaration is interesting not so much as a reformulation of the Frankfurt principles but as a full expression of these principles which, reaffirmed and refined, succeed in anchoring the International more explicitly in the "free world" camp. After 10 years of cold war and numerous doctrinal crises in the European social-democratic parties, the outlines of the Socialist International, on the threshold of the Sixties, become confused with a pure and simple defense of western democracy. It is with detente and new electoral successes in Europe that the designs of the International will regain fresh impetus.

The Frankfurt declaration had defined the objective of the International: To attempt to constitute a third force between the two blocs, the Socialist International should become a /"vast international movement whose influence will extend all the way into the hitherto rival blocs."/ But, /"was it possible not to choose sides"/ as Guy Mollet claimed [sic].

The Frankfurt declaration would still have us believe so. Though the Socialist International may have rooted its political program in the traditional institutions of western democracies which, at the time, inspire both the Universal Declaration of Human Rights and the Socialist Constitutions, the Frankfurt declaration avoids mention of all the initiatives that could be identified with any adhesion to one bloc. Thus support for NATO does not figure in the declaration, whereas it does represent a position commonly held by the great majority of European Socialists. The Oslo declaration will be more practical: /"The democratic socialist parties of the member countries of NATO consider this alliance to be a powerful bulwark of peace and declare themselves firmly determined to support it."/

The democratic socialism defined by the Frankfurt declaration is more of a collection of specific policies partially implemented following the war by the

laborites, the social-democrats of Scandinavia, and the governments with socialist participation in France and Italy than a theoretical construct. Basically pragmatic, it is organized around one fundamental axiom: democracy. In its name both capitalism and communism are condemned: the first because it ignores economic democracy, the second because it scoffs at political democracy.

In this twin condemnation, however, the two systems are not set back to back. Whereas communism is severely criticized on the terrain of political, economic, social, and international democracy (following the order of priority of the four chapters in the Frankfurt declaration), capitalism is not attacked on grounds of political democracy.

Thus, the transition from capitalism to democratic socialism is not envisaged as a brutal rupture, but as a process of reforms to the economic order which capitalist management is itself obliged to accept: /"Even where democratic socialists have been in the opposition, their adversaries have been constrained by public opinion to adopt solutions essentially socialistic in order to resolve problems of employment and social welfare."/ Planning that stands halfway between the laissez-faire of capitalism and the authoritarianism of communism, the coexistence of a diversified public sector (nationalizations and cooperatives) and an expanding private sector, better redistribution of wealth through tax reform, such are the economic principles of democratic socialism, which is extremely flexible: /"Extension of the public sector and planning structures must be decided upon in relation to the structure of the country concerned."/

By invoking economic rationality, democratic socialism denounces a system /"incapable of functioning without economic crisis and unemployment,"/ where investments are wasted and free competition falsified by the play of too-powerful monopolies. But, in analyzing these evils of capitalism, Marxism is but one /"method of critical analysis of society"/ among others.

There again, the drift is clear from the Frankfurt declaration to the Oslo declaration; certainly, in 1951 the Socialist International dwelled only very symbolically on exploitation as the foundation of a class society; but in 1962 this reference is not reaffirmed, and it is, by contrast the /"inequality of opportunity"/ which becomes responsible for class divisions. In fact, it is /uncontrolled/ (uncivilized) capitalism which the Socialist International denounces, and this condemnation brings democratic socialism close to the social capitalism prevalent in the West.

The exacerbation of international tensions during the Fifties will contribute to minimizing the unique features of the political program of the Socialist International and reinforcing the homogeneity of the western camp. At the end of the cold war, the symbiosis is so far advanced that the Oslo declaration speaks interchangeably of democratic socialism and democracy, and the aims of democratic socialists are lumped with those of all democracies in the "free world."

The joint objective is to push back the communist advance, especially in the recently decolonized countries of Southeast Asia. On this point, the program of the Socialist International is to be a political, economic, and social model,

capable of enlightening these young nations ideologically and barring the road to international communism, the /"instrument of a new imperialism."/ Precisely where European capitalism abandons its discredited policy of colonialism, democratic socialism presents itself, crowned with the halo of the decolonization policy of British labor, as a balanced political alternative destined for application to the new states: /"The future belongs no more to communism than to capitalism."/

But the confrontation with communism should be worked out peacefully in order not to compromise the search for world peace, /"the supreme task of our time."/ On the one hand, the Socialist International will exploit to the hilt the revolts in the people's democracies and the Sino-Soviet divisions, which so weaken the Communist bloc without the risk of world conflict. On the other hand, in order to avoid the development of an environment favorable to the expansion of communism, it will call for a vigorous policy in the economic and social fields.

The strategy of the Socialist International thus rests on a detente in East-West relations where military confrontation yields to ideological and economic competition. It is a rather unique feature of the Socialist International that it has conceived its program as a vigorous anticommunist crusade, while nevertheless basing its strategy on peaceful coexistence.

#### A Growing Influence

The Socialist International is tributary to the European heritage it inherited from the Second International. Its decision favoring the "free world" and the break with Eastern Europe are going to further reduce its geographical areas of influence.

Under the impulsion of the Labor Party, the Socialist International is going to try to win back its audience in two directions. On the one hand, with respect to Communist Europe by supporting the socialist parties that reject the peoples democracies. Defeat will come quickly, and the Union of Socialist Parties of East-Central Europe in 1947 brings together only the cadaverous leadership of exile groups. On the other hand, with respect to the countries to which the labor government grants independence (India, Burma, Pakistan), but also with respect to those that belong to the British sphere of influence in Asia. An "Asian Socialist Conference" in 1953. Its failure will be complete, in 1955, under the double pressure of nationalism and of communism, reducing these Asiatic groups to a [mere] symbolic role.

It is with the advent of independence for the African countries, at the beginning of the Sixties, that the Socialist International launches its second attempt at expansion. Once again, success will be limited, as only Senegal, Tunisia, and Madagascar will join the Socialist International. Only Senegal will stay in it.

After this second set-back, the Socialist International, in the second half of the Seventies, under the impetus of the SPD, is going to attempt once again to enlarge its sphere of influence, this time with greater success.



In Europe, by utilizing to the greatest extent possible the fall of the dictators in Southern Europe: this is the case with Portugal, where the Socialist International supports the PSP of Mario Soares against the Communist Party of Alvaro Cunhal, and in Spain, where it gives massive support to the new PSOE [Spanish Socialist Workers Party] of Felipe Gonzales. In Greece, Andreas Papandreou's PASOK [Panhellenic Socialist Movement] stands aloof, but in Turkey the Socialist International will be no stranger to the "social-democratization" of the People's Republic Party.

In the Third World, and especially in the countries worried by communist influence in the nonaligned movement, the important congress of Geneva in 1976, which witnesses the establishment of a new team led by Mr Willy Brandt, signals the start of a new offensive.

This time, the Socialist International takes a serious look at the question of North-South relations. Mr Leopold Senghor plays an important part in this new awareness. This movement continues with the congress of Vancouver in 1978, and is translated notably into the adhesion of the Latin American parties. To reinforce this new breakthrough, the Socialist International reactivates its regional structures.

On the eve of the Madrid congress, the balance-sheet is positive.

Certainly, Europe's hegemony remains, as 22 of the 41 parties come from this part of the world. Moreover, the overwhelming majority of groups wielding real national influence are European. But the list of observer parties at the Vancouver conference is indicative of the real interest which the Socialist International is exciting in some sectors of the Third World. Fourteen African parties were present, as well as 17 American parties (including Mexico's Institutional Revolutionary Party and the Sandinista Front) and two Asiatic parties (the Iranian National Front and Lebanon's Progressive Socialist Party).

Finally, one cannot speak of the influence of the Socialist International without mentioning the accommodation, which has been brought about during the last year at the initiative of Mr Willy Brandt and the French Socialist Party, with the Eurocommunist parties (the PCI and the PCE [Spanish Communist Party]), which in its effects goes beyond just the sphere of influence of Western Europe.

#### The Search for Consensus

Contrary to the tradition of socialist--and /a fortiori/ communist--internationals before the war, the Socialist International rejects any kind of constraining power.

Its by-laws confirm the determination of the member parties to preserve their complete sovereignty. The Socialist International is defined as /"an association of parties trying to establish democratic socialism as defined by the Frankfurt declaration of 1951."/ In this aim, the Socialist International is trying to /"strengthen relations"/ among the member parties, to /"coordinate their political positions by means of voluntary agreement."/



In other words, no political decision can be imposed by the Socialist International or any of its members without its agreement: a club of parties, the organization proceeds only through the consensus of its adherents. This explains the rather vague character of its statements of principle and its resolutions, the absence of any procedure to allow for the control of the effective implementation of its decisions.

The very organization of the Socialist International reinforces this pragmatism. It is composed of four statutory bodies. On the one hand the congress, which meets every 2 years, brings together delegates from all the member parties, but also the parties with advisory status and observers who wish to attend. This congress votes on the by-laws and enacts statements of principle. Also, upon the recommendation of the Socialist International bureau, it decides by two-thirds majority on admission or expulsion of members, as well as their status.

In the intervals between congresses, the Socialist International bureau provides for implementation of its decisions. Comprising all the member parties, the bureau meets several times a year. For the most important decisions, jurisdiction is in the hands of the "conference of leaders," which brings together the heads of the principal member parties once or twice a year at the bureau's discretion.

The executive authority of the Socialist International is bicephalous. On the one hand, a political leader, the president of the International (presently Mr Willy Brandt, elected in 1976), whose term is for 4 years, and who is the spokesman of the Socialist International. The president is assisted by vice-presidents (19 at present) who can take his place in chairing the bureau or the congress.

On the other hand, a permanent administrator, the secretary general, Mr Bernt Carlsson, of the Swedish Social-Democratic Party. The secretary general is responsible for the organization of the Socialist International, heads the administration of the secretariat under the authority of the committee on administration and finances (composed of seven member parties).

In this organization chart, not all the structures have the same importance. The congress is above all an international forum, which permits the Socialist International to test its influence and [others] to keep abreast of the association's ideological inflections by means of the resolutions passed. By contrast, the conference of leaders plays a growing political role in practice. Similarly, having a strong personality as president of the Socialist International has contributed to strengthening the political weight of this organ.

Regional structures have been established since 1976. The oldest is the Union of Socialist Parties of the EEC. There is also a regional organization for Asia and the Pacific, the Union of Parties of East-Central Europe, composed of exile parties in the communist countries (in a symbolic role), and, more recently, a Union of Latin American and Caribbean Parties.

To these regional structures are added the specialized branches of the Socialist International: women's and youth organizations.

The financing of the activities of the Socialist International is provided by the dues of member parties, in proportion to their resources and their numbers (which explains the weight of the SPD), by occasional contributions of associated parties and entities, and by gifts from foundations or other bodies.

As the by-laws indicate, the Socialist International has no decision-making power, either politically or ideologically. Rather, it expresses the degree of convergence which has been reached, with respect to a particular problem, by parties which in other respects manifest a common view of the rules of the national and international political game. These convergences, this "smallest common denominator," is not however insignificant. Internationally, it makes possible the formation of a power of influence or persuasion which today is trying to wield the clout once held by the Nonaligned Movement. Nationally, it works in favor of those who, within each party, bear allegiance to the Socialist International (this has often been observed within the PSF, for example).

It remains to assess the degree of influence of the different parties within the organization. Several indices can be used to evaluate this. On the one hand, the "state-based" weight of the parties: the organizations which are in power in their respective countries naturally wield a predominant weight to the extent that their ability to take international action is strengthened: this is the case with the parties of Northern Europe, such as the SPD (West Germany), the SPOE (Austria), the PSB (Belgium), etc. One must put in this category the parties which have a reasonable chance of coming to power by reason of having exercised it recently (British Labor Party, Swedish Social-Democratic Party).

On the other hand, the parties which, though not in power, have special weight because of their ideological influence: it was in this way that the PSF in the Seventies disposed of not negligible influence.

Among these influential parties, it is not unusual to see one predominant group emerge. In the first years of the Socialist International, the Labor Party exerted decisive weight, imposing its international strategy on the association. Similarly, for several years now, the German social-democrats, relying on the political and diplomatic (read financial) influence they have by virtue of heading the foremost power in Western Europe, have exercised a leadership which, while discreet, is nonetheless growing: both with regard to the international strategy of the Socialist International (in its East-West relations) and with regard to its regional expansion (especially in Latin America).

9516

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## EUROPE-JAPAN TRADE DEFICIT DOUBLES IN 5 YEARS

## Debate Centers on Auto

Paris LE FIGARO in French 14 Oct 80 p 9

[Text] About 20 billion francs in 6 months, half again more than a year earlier: such is the figure of the very heavy deficit of the EEC with Japan. Japanese statistics even cite the detail that from January to August, the Japanese surplus exceeded that for the whole of last year. This does not prevent the Japanese, who must import a huge amount of petroleum, raw materials and foods, from having an overall deficit of about 50 billion francs of their own, both in the trade and payments balance.

Yesterday these figures were the main subject of conversations between the vice-minister of International Trade Affairs of Japan and the Commission. The Japanese minister promised an effort to moderate exports from his country to Europe between now and the end of the year. This statement may appear vague, but considering the somewhat monolithic nature of Japan, it is thought here that it amounts to a commitment which will be followed by results. The problem is nevertheless of such a scale that moderation would not be enough to solve it.

The community is in permanent negotiation with the Japanese on these problems, for the European deficit had already doubled between 1974 and 1979, a phenomenon all the more serious since the Japanese push concentrates on the most sensitive sectors: steel, shipbuilding, synthetic fibers, automobiles, and electronics.

But the Europeans are loath to reply with restrictive measures, because protectionist pressures are rising rapidly. The front opposed to "everyone for himself" has been maintained only thanks to the strength of GATT mechanisms and constant consultations among the large industrial countries, but it is fragile.

The European Commission complains of lacking instruments of negotiations with the Japanese, who are themselves very worried over their global deficit. There is good will on both sides, but the problems are difficult.

## The Example of the Automobile

The debate is centered on the automobile during this month of October.

Replying to a parliamentary question, the Commission stated that annual world production is 31 million vehicles, of which 11 million for the European Community,

9 million for the United States, and 6 million for Japan, that the development of world demand for automobiles is not a cause for pessimism, but that the problem is the competitiveness of the European manufacturers.

An interesting polemic is under way between the Common Market Automobile Manufacturers Committee and their Japanese counterparts. Its arguments are summarized in a note from the Japanese Embassy in Brussels.

The latter states that the average salary in Japanese automobile plants, the equivalent of about 25 francs per hour, is at the same level as in France and higher than that of England, that the rate for Japan Social Security is equivalent to that of our own for retirement, health insurance, and social assistance, that the enterprises spend a great deal for the welfare, sports and access to cultural activities for their personnel.

Yes, replied the Europeans, but the Japanese plants are used longer during the year; there are fewer vacations, absences, and strikes, and the work day is longer. The Japanese advantage does not derive from more efficient equipment, but from social backwardness, which does not mean that social relations in Europe do not need to be oriented more toward rational use of materiel.

On the other hand salaries among the suppliers and subcontractors of the automobile industry are lower, and fringe benefits infinitely lower in Japan. Added to this are financial and tax advantages and the undervaluation of the yen. The European manufacturers are for freedom of trade but in conditions of normal competition, which is not the case.

Is it not abnormal that Japan imports from Europe only 40,000 vehicles per year compared with 630,000 in the opposite direction?

Since 1965, replied the Japanese, imports of automobiles have been completely liberalized in our country, while in France and England different practices limit Japanese automobiles to 3 and 10 percent of the market, respectively. The import duty is zero in Japan and 10 percent in the EEC. The Japanese customer seeks foreign manufactures, but to an equal extent solidity, consumption, service after purchase, and price. European automobiles offered to Japan are very expensive. The cost of freight to Japan is much higher than in the opposite direction. Each country subjects automobiles to legal controls which require certain modifications. Japanese vehicles are built at the plant taking into consideration these requirements, which are often minor. These become much more expensive when one responds to them after the fact and with a small number of cars. There remain profit margins and markup. According to the Japanese, they are much higher for European cars and do not correspond to a policy of mass marketing.

The debate goes on, but on both sides the problems of jobs are urgent.

#### French Ties to Japan

Paris LE FIGARO in French 15 Oct 80 p 3

[Text] Of all the industrialized countries, France has the largest trade deficit with Japan. Our exports cover only 45 percent of our imports. On the eve of the



departure of President Giscard d'Estaing for China, the Council of Ministers has entrusted Francois Missoffe, former minister and former ambassador of France to Japan, with the government mission to try, along with Minister for Foreign Trade Michel Cointat, to improve the trade balances between the two countries.

This 6-month mission, which could eventually be repeated, differs from the many attempts which preceded it. It is not a task of study and assessment which has been given to Francois Missoffe, but an operational task; it is a question of improving the quality and quantity of French sales to Japan, as well as trying to organize Japanese exports to take into account political and economic imperatives. Included among the former, of course, is the need to dissuade the automobile manufacturers from increasing pressure on the French market, which at present represents 3 percent of sales and 16 percent of our total deficit.

It should be noted that the automobile deficit is only 9 percent for Germany, due to greater automobile exports to Japan.

It is doubtless not in this field that Francois Missoffe will begin to devote his efforts, which he will apply to France and Japan equally.

It should be possible to do better, since Italy's trade with Japan is covered by 88 percent, and Germany's by 53 percent.

Nevertheless Francois Missoffe, who participated yesterday in a press conference along with Michel Cointat, is to all appearances aware of the handicaps which he must overcome. It is not a question of insurmountable nontariff obstacles, for only the fields of state orders are totally blocked, while heavy industry is wide open along with leading industries. But the technological advance is often very great.

It is precisely this supercompetitiveness which gives rise to problems. Furthermore, French foreign trade is extraordinarily dispersed, while Japanese exports are concentrated three quarters in certain key sectors, such as electronics, steel, automobile, and optical equipment.

Finally Francois Missoffe at the start will rely only on the ministry of foreign trade, since it has allies everywhere, while he will have to negotiate with the MITI [Ministry of International Trade and Industry] which coordinates the efforts of all the other ministries and those of the administration and private enterprises.

Nevertheless Francois Missoffe hopes "to correct certain anomalies of Franco-Japanese trade" by working very closely with complementary and not competing French groups. On the other hand he will study the possibility of integrating French sales within large Japanese projects in third countries, which implies working directly with the nipponese general trading companies.

He will put the finishing touches on his strategy within a few weeks.

Whatever the results, it is wise not to count exclusively on action by the European Commission which, until now, has not demonstrated any great effectiveness.

6108

CSO: 3100

## NORWAY, SWEDEN TO COOPERATE ON SUBMARINES FOR NORWAY

Oslo THE NORWEGIAN JOURNAL OF COMMERCE AND SHIPPING in English 4 Nov 80 p 5

[Text]

A Norwegian order of 10-12 U-boats from Kockums in Sweden could be exactly the politician's dream of industrial cooperation, incorporating the transfer of technology. Norway needs a renewal of her U-boat fleet and Kockums have under development a U-boat — the A 17 — which can be modified to suit the Norwegian requirements. In return, Kockums are willing to allow the Norwegian workshop industry to have a share in the nearly 4 million labour hours involved, and allow Norwegian suppliers to take part. Koc-

kums have informed the Swedish Department of Industry of their interest and they in turn will inform the Norwegian authorities concerned.

«A 17» is designed for the Swedish Navy, but Denmark is also interested in the supply of three U-boats. The Swedes have therefore offered the Danish industry a fair share of the work on the same conditions as the offer to Norway. The 10-12 U-boats required by Norway will have a value of 2 billion Sw. Kr. according to the estimation of Roger Sprimont in Kockum's Naval Department.

Such cooperation between Norway and Sweden has many positive sides. Since Sweden does not possess a fully complete industry within this sector, she subcontracts to other countries. As far as Norway is concerned the Kongsberg Våpenfabrikk

springs to mind as a natural choice, but Sweden will subcontract to the best and cheapest offer.

Sections from Norway.

Previously the Swedish firm have used a Swedish yard to build the hulls and sections but they have no objection to the Norwegian workshop industry taking part in the construction of the U-boats. They are willing to divide the work between the two countries and thus initiate both an industrial and technological cooperation.

Norway has other requirements to Sweden and Denmark with regard to depth and action radius but the «A 17» can be modified to suit Norwegian requirements. Another point in favour for Norway is that the test results will be complete before delivery of the Norwegian U-boats. Kockums raise the rather sour point that Sweden had ordered 16 patrol boats from Bergens Mek. Verksteder but Norway had not reciprocated with a return order.

### Cooperation in deep sea techniques

Kockums are already cooperating with the Norwegian Undervannsinstitut (Underwater Institute) and Svenska Petroleum (SP) on a habitat-living quarters for divers on the sea bed. This is civil use of a military developed technique. The plans are being laid and building is estimated for next year of a prototype costing 20 million Sw. Kroner. Large operators in the North Sea have shown great interest in this project. It is expected that Norwegian suppliers will receive sub contracts via the Underwater Institute.

The aim is to evolve a commercial version which can operate at great depths and the work should be complete by 1984. Thus this project provides yet another possibility for Norwegian/Swedish cooperation in deep sea technique.

## QUEBEC, NEWFOUNDLAND AT ODDS OVER ELECTRICITY SALES

## Unfortunate 1969 Contract

Montreal LA PRESSE in French 6 Oct 80 p B 3

[Text] One Sunday, 14 September, a power blackout struck Montreal and a large part of Quebec. The reason for the interruption was a break in the transmission lines from Churchill Falls.

The most powerful electric power plant in North America, located in Labrador on the territory of Newfoundland, provides a third of the electricity consumed in Quebec. By a contract signed in 1969 and terminating in the year 2041, Hydro-Quebec buys electricity from Churchill Falls.

Concluded before the energy crisis, the inhabitants of Newfoundland would very much like to change the terms of the agreement because they feel as though they have been had. They are not short of words in describing what they call an immoral situation.

"When you are aware that in 2041 Quebec will get electricity at a cost equivalent to \$1.50 a barrel of petroleum (the price is \$32 at present), Churchill Falls is a real tragedy for us," Mr Victor Young, president of the Newfoundland and Labrador Power Corporation, the Hydro-Quebec of that province, said to us.

The enterprise of the Quebec government will pay the same price for electricity for 40 years, after which the price will drop for the succeeding 25 years. Last year Hydro-Quebec spent a little more than \$100,000 for energy provided by Churchill Falls.

But the neighboring province is asking for even more. "Taking into account the price of energy at present, we should get \$500 million per year more, and still more when the price of petroleum rises," says Mr Young. But he immediately adds: "We are not inflexible on the amount, and there should be some way of coming to an agreement."

Newfoundland would also like to cancel a clause which prevents it from taking a larger share of the electricity produced by Churchill. Quebec for its part asserts that without the long term contract signed in 1969, which guaranteed a market for the power produced, the project would never have been completed. Furthermore, "a contract is a contract."

In an interview with LA PRESSE Mr Neil Windsor, the minister of economic development, explained the frustration of his province. "If we had \$500 million, the federal government would not need to make equalization payments to us."

He continued: "Another way of looking at the matter is that if we had a better contract, more realistic in the present energy context, we would not be obliged to borrow \$250 million to finance our budgetary deficit."

#### Petroleum: One Means

Despite the billions of dollars which the exploitation of the petroleum and gas will bring in, the province is more concerned with electricity and its other resources. "We have petroleum for 20 years," Mr Windsor points out, "whereas electricity is a renewable resource which will last as long as there is water in the rivers."

The minister uses the same argument for the fisheries and the forests: They have been taking fish along our coasts for 400 years and the trees are being pushed back." In his mind, and this is why his ministry has just been created, the income from petroleum will be the spark of industrial development.

"This time," Mr Windsor emphasizes, "We are not going to miss our chance, and when there is no longer any petroleum Newfoundland will not need to ask the other provinces for money."

Since the development of the petroleum will depend on foreign companies, Newfoundland has made the development of Labrador's hydroelectric resources a first priority.

Two large projects will be completed on the lower Churchill.

That of Gull Island, with a capacity of 1,700 megawatts, is estimated at \$4.5 billion. An understanding is nevertheless needed with Quebec, since Newfoundland does not need all this energy and it will have to sell it here or transport it to the maritime provinces or the United States via Quebec.

The second and smaller, Muskrat Falls, would cost \$3.2 billion, and would produce 600 megawatts. Despite the higher cost per megawatt, it is now favored by the authorities of the province because it can be an exclusively Newfoundland achievement. "At the end of the fourth year we will be in a position to consume this energy totally," says the president of Newfoundland Power.

Muskrat Falls presents one technical difficulty: carrying the electric power by submarine cable for a distance of 12 miles between Labrador and the island of Newfoundland. To this Mr Young replies, "We can do it." According to him, a decision on the Muskrat Falls project will be taken in the fall.

#### Quebec Blocked

Montreal LA PRESSE in French 1 Oct 80 p A6

[Text] At the last meeting of the prime ministers of eastern Canada and the governors of the six states of New England last June the issue was an American offer



of financing on the order of several million dollars to promote the accelerated development of the hydroelectric potential of Quebec and the Newfoundland part of Labrador.

The proposal provides, of course, that in return for this financing, the two Canadian provinces would undertake to provide their electricity surplus to the American states concerned for a certain period of time.

Quebec hastened to express its interest. Actually studies have since been made to identify the location of the streams which would be advantageous to harness for the purpose of selling this surplus to our neighbors to the south. Negotiations are even under way on the cost of construction and on the prices to be set.

On the other hand, at the same meeting last June the prime minister of Newfoundland rejected the offer out of hand. He stated quite simply that his province wanted to settle its litigation with Quebec before committing itself to this course.

Now it is learned that even if the litigation which they wanted to settle lasted forever, it is on the point of concluding an important agreement with the state of New York for the sale of electricity. It would concern electricity to be produced in the framework of the Gull Island project. It could therefore even be ahead of Quebec in exploiting this market.

What happened to justify such a change of attitude? Apparently the offer of the American states is generous enough to justify the transport of electricity to them by means of submarine cables, that is to say, without having to pass through a Quebec corridor.

It is nevertheless obvious that Newfoundland would be acting in a more realistic and more economical way by continuing to seek a basis of agreement with Quebec in order to ship its electricity overland to New York or the neighboring states. It should be possible for the two provinces to collaborate. New England needs all the electric power which they can provide it. There is therefore no question of competition between two suppliers.

Newfoundland continues to complain that Quebec is taking advantage of its geographic position to block its passage to the American markets. Its prime minister, Mr Brian Peckford, even raised the question at the last federal-provincial conference in Ottawa in early September. At that time he asked Prime Minister Trudeau to invoke the constitutional clause on the free circulation of merchandise in order to force Quebec to let Newfoundland electricity pass through its territory.

What is clear here is that if Quebec imposes such demands on Newfoundland, its attitude is the equivalent of a refusal pure and simple. It is a question of negotiation and, as Mr Trudeau said, it is up to Newfoundland to prove that the conditions set by Quebec mean for all practical purposes a violation of this principle of free movement of goods among the provinces.

Quebec continues to repeat that it is always open to the holding of negotiations. Perhaps there would have to be some kind of conciliator between the parties, for from all the evidence neither one side nor the other has the same concept of the items to which bargaining should apply.

The political leaders of Quebec would actually like to take advantage of the occasion to raise all the disputes between the two provinces and not to limit themselves solely to the question of electric power produced at Churchill Falls or to be produced in lower Labrador. There are other hydroelectric projects in this region which could interest the two provinces and which would not involve possible frontier rectifications.

It is obvious that the contract under the terms of which Quebec acquired, at the end of the 60's, almost all the electric power of Churchill Falls is a considerable disadvantage to Newfoundland today. But the contract, which is not to expire for 60 years, was signed in good faith. Under a strict interpretation at least, it is still valid.

And no one is saying that Quebec is not trying to profit to the maximum extent from its geographic position with regard to the development of Gull Island as well. But, even if they are painful, these negotiations should, it seems, be pursued in the search for honorable compromises.

Mr Peckford gives the impression of wanting to act with a bit too much brusqueness.

#### Undersea Transmission Not Feasible

Montreal LA PRESSE in French 1 Oct 80 p F 1

[Text] The Newfoundland project to transmit its electric power to the state of New York by undersea cables in order to circumvent Quebec does not seem technically or economically logical.

This is what Prime Minister Rene Lavesque said yesterday when commenting on the report last night in LA PRESSE, which he said he did not take seriously.

"This is not the time to start quibbling with Mr Peckford after the constitutional negotiations. We are agreed on several subjects and I hope we will be able to agree on the development of the energy resources of Labrador, but first there have to be negotiations."

Former Prime Minister Robert Bourassa, who made the export of electric power to the United States his battle cry, concludes that the progress of the negotiations between Newfoundland and Pansy show, on the one hand, that Quebec and Newfoundland both have an interest in reaching an agreement in the energy field and that on the other hand, the interest of the Americans in Quebec electric power is genuine. It is recalled that this roadblock is the result of a huge dispute between the two provinces over the contract, which Newfoundland wishes to reopen, which grants to Quebec for a paltry price the electric power produced by the power plant of Churchill Falls in Labrador.

Mr Bourassa, who likewise doubts that it is possible, for technical reasons, for Newfoundland to transmit energy via undersea cables rather than having it go through Quebec, thinks it is not an advantageous solution for both provinces.

He says that the two provinces should cope in a comprehensive way with the dispute which ties them together and which includes the reopening of the Churchill Falls

contract, the development of the common rivers of the Basse-Cote-Nord, and the transmission of electric power over Quebec soil.

Newfoundland would derive three advantages from this: it would avoid the additional costs which the "Anglo-Saxon route" would entail; it would avoid the technical uncertainty; and it would profit from the joint development of the rivers of the Basse-Cote-Nord.

As for Quebec, a rapid understanding with Newfoundland would on the one hand enable it to develop rapidly the Basse-Cote Nord and to avoid Newfoundland's preferring to develop the resources of Labrador alone.

Mr Bourassa also noted that the attitude of Pashy in the negotiations with Newfoundland seems to confirm the growing interest of the Americans in the hydroelectric power of the Canadian provinces.

On the Hydro-Quebec side, it is noted that President Robert Boyd, who has been appointed by the province as negotiator with Newfoundland, refuses to make any comment until the neighboring provinces appoints his opposite number.

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CSO: 3100

## DISTRIBUTION OF PUBLIC LAND BEGINS

Nicosia BOZKURT in Turkish 4 Oct 80 p 1

[Text] Nicosia -- Interior and Housing Minister Recep Ali Gurler said in a statement that land distribution was continuing within the framework of the efforts being carried out by the ministry in accordance with the Public Housing Law and the Council of Ministers' decision on "Method of Allocation of Treasury Properties Known to be Vacant" for the rehabilitation of our low income citizens within the social state concept.

## Treasury Properties

Interior and Housing Minister Gurler noted that distribution of homes and sheepfolds had been taking place in the villages of Meric [Mora], Hamitkoy [Mandres], Kucuk Kaymakli [Omorfita] and Gonyeli, attached to Nicosia District, since the 10 August 1978 decision by the Council of Ministers on allocation of treasury properties known to be vacant. Stressing that distribution was being made to young people and especially needy citizens, Gurler said that with approval of the proposal discussed in the Council of Ministers last week, allocations included dwellings to 6 citizens in Kucuk Kaymakli and Hamitkoy; again in Hamitkoy, 10 donums [1 donum = 940 m<sup>2</sup>] of land to 6 citizens to build sheepfolds and a building site to the Hamitkoy Sports Club; and 11 donums, 600 square feet [1 Turkish foot = 34 cm] in Gonyeli to the Gonyeli Municipality for public use.

## Stubs to be Given

Asserting that the stubs on these allocations would be given at the earliest possible date, Gurler said that land distribution would continue in locations which would be of use to our low income citizens and young people of marriageable age. He added that evaluation of applications from other districts and villages where vacant land is located was in the final stages.

## Applications to be Evaluated

Gurler called to mind that for vacant lands which had been distributed by local authorities prior to 20 July 1974, applications were to be made to the district authorities for the stubs, and they would be evaluated and the stubs given, provided the allocation holder had carried out the conditions imposed.



#### Demand Expected

Noting that in accordance with the government program, the ministry had stepped up the feasibility studies in suitable areas required for accelerating mass housing construction within the framework of the Public Housing Law for rehabilitation of low income citizens, Recep Ali Gurler was mindful also of the 52-donum plot of land which had been sold at below market rates on 19 September 1980 to the Turkish Cypriot Federation of Labor Unions for use for building public housing within the framework of the above law. Gurler repeated that they were expecting demands from other organizations which would come under the scope of the law and commented that the government is doing everything it can to rehabilitate all of our citizens within the concept of the social state.

8349

C50: 4907

## HOPE HELD OUT FOR COMMUNAL PEACE

Nicosia HALKIN SESİ in Turkish 6 Oct 80 p 3

[Article by Kemal Asik: "A Ray of Hope"]

[Text] Resolution of the Turkish-Greek conflict over the Cyprus problem depends on Greece's having a rational policy. It does not matter how deep the good will of the Turkish side, it will not be sufficient to resolve these problems, because it takes two sides to make an agreement.

That these problems have dragged on all year is a result of Greece's negative attitude. This fact is as plain and simple as two and two are four.

A statement published in the Greek Cypriot press yesterday by EDEK Party National Deputy Doros Theodorou, a member of the Greek Cypriot parliamentary delegation which went to Greece recently, shows that Greece has finally begun to see the light and is beginning to change its negative attitude. The statement to which I am referring has to do with the Greek Cypriot parliamentary delegation's discussions with Greek Prime Minister George Rallis.

According to the EDEK national deputies, Greek Prime Minister George Rallis told the Greek Cypriot parliamentary delegation the following, in summary:

"Neither we nor you have sufficient strength to force the Turkish troops off Cyprus. So try to find a solution to the Cyprus problem through the talks.

"The de facto situation which persists on Cyprus today is the worst situation since the constitution. Therefore, you, the Cypriots, must see the situation on the island realistically.

"I do not expect much from the talks. The return of all [former] Greek Cypriot residents of Maras [Varosia] must not be expected, but if there is some reciprocation such as providing economic facilities to the Turks. I think the return of 20,000 to 30,000 Greek Cypriots may be possible."

We hope these words mirror the policy of the Greek government. If so, it could mean only one thing and we can look to the future with hope. If not, if Greek Prime Minister George Rallis says one thing behind closed doors and does something else at the negotiation table, he is playing with fire and will create great dangers for the future.

Greece's present head of state, Karamanlis, is an experienced statesman. He has, on occasion, shown examples of rational policy in the past. Prime Minister George Rallis' experience, also, is sufficient not to be belittled. We hope they have finally understood that Greece's interests require friendly existence with its neighbor Turkey.

Whether Rallis says these words behind closed doors or publicly, however, they must convey many things to our Greek Cypriot neighbors, because taking an intractable attitude and adopting views diametrically opposed to the facts on Cyprus such as "We will not reach an agreement unless the Turkish troops withdraw from the island and all refugees return to their homes," which will only prolong the present situation, will do no one any good, especially the Greek Cypriot side. On the contrary, it would push the two communities into complete alienation and eliminate the chance for them to live side by side in cooperation.

8349

CSO: 4907

## SIGNIFICANT PROGRESS REPORTED IN REFUGEE RESETTLEMENT

Athens O OIKONOMIKOS TAKYDROMOS in Greek 2 Oct 80 pp 19, 20

[Article by Nicosia Correspondent Giorgos Athanasiou]

[Text] A government study on the refugee problem in Cyprus states that the total annual cost for coping with refugee needs reached 14.3 million pounds in 1974, rose to 42.1 million pounds in 1978, and is estimated that it reached 46.3 million pounds in 1979.

The report refers to the impact of the Turkish invasion and describes the present condition of the refugees and the measures the government is taking for their relief. With regard to the housing problem the report states that about 23,000 houses have been given to displaced persons on the basis of various plans while 8,500 refugees continue to live in wooden shelters, and many others in shanties, garages, and unsuitable dwellings.

The report points out that even when the six-phase government housing program is completed, the shortage of many thousands of housing units will continue to exist-- a problem which is becoming worse because, in addition to the original 50,000 displaced families, new refugee families are created as a result of marriages between children of refugees and because of other social factors.

Appropriate government officials underlined that the assistance given by the Greek government is the largest given by any other government. In addition to the annual economic assistance of 10 million pounds it gives to Cyprus, the Greek government gives also considerable assistance to the Special Refugee Fund. The same officials said that the United States and the UN High Commission [for Refugees] are given assistance on the basis of the population ratio (81 percent of the Greek Cypriots and 19 percent to the Turkish Cypriots). The highlights of the report are:

As a result of the July-August 1974 Turkish invasion, 200,000 persons or one third of the island's population became refugees. In addition, 86,000 individuals or 39 percent of the economically active population suddenly became unemployed. The occupied area (40 percent of the island) represented 70 percent of the gross production and the investments lost totalled 2.5 billion pounds (1974 prices).

To cope with the large social and economic problems created by the invasion, the government put into effect a special Economic Action Plan which aimed mainly at



meeting the immediate needs of the displaced, the reduction in unemployment through the initiation of crash work projects and the granting of incentives for strengthening economic activity. It is estimated that the average number of persons registered as unemployed dropped to 3,700 or to 1.8 percent of the economically active population compared to 1.2 percent before the invasion. Also the great emigration of workers and the temporary employment of Cypriots abroad contributed to the favorable employment picture. However, the fact should not be overlooked that despite the return of labor potential in Cyprus, about 13,000 Cypriots continued to work abroad until the end of 1978. On the other hand, the unemployment affected many trades and skills and despite the favorable developments some categories continue to face problems.

### Housing Problem

The displacement of almost half of the island's population from their homes created a serious housing problem. Around 50,000 were forced to live in 23 tent camps, in commandeered homes, in public buildings and shanties. Many were forced to seek hospitality from friendly families in the free area. Still other families lived together in homes they rented jointly.

In the meantime, the government had prepared a program for providing satisfactory housing for those hard hit by the hardships the horrendous living conditions had created. By the end of 1979, the various government housing programs had provided 23,000 houses to displaced persons. More specifically, of the 12,097 planned housing units in government settlements, 6,550 were completed by the end of 1979. These settlements have stores, elementary schools, parks, child-care stations, community centers, and athletic fields. The government has also announced the construction of 300 one-room houses for the elderly refugees.

By the end of 1979, 4,667 housing units had been constructed on the basis of the self-housing program according to which the government grants land and economic assistance and the refugees provide the labor. The plan provides for the government to give land for 9,880 house lots. In addition, 6,318 applications have been approved for government financial assistance and loan granting for the construction of houses on privately owned lots. On the basis of this plan, nearly 3,000 housing units have been completed.

In addition, about 9,000 refugee families live in abandoned Turkish Cypriot houses. These houses are under the control of district committees created to protect the property of Turkish Cypriots and to collect rents for their benefit. Despite the significant progress achieved, fewer than half of the 50,000 displaced families have acquired housing by the end of 1979.

It must also be made clear that even with the completion of the six-phase housing plan there will continue to exist a shortage of several thousands of housing units--a problem which is becoming worse because in addition to the 50,000 displaced families we also have new families as a result of marriages between children of refugees, other social factors, and so forth.

In the meantime, 8,500 refugees continue to live in camps and many others in shanties, garages, and other unsuitable dwellings. The estimated cost for completing the

programs the government has announced exceeds 130 million pounds of which 67.5 million have already been spent. The foreign assistance for housing purposes reached 15 million pounds. The rest was covered by the government.

The housing picture can be outlined as follows: About 23,000 houses have been given to displaced persons on the basis of the various housing plans. This figure includes 6,500 low cost housing units in government settlements (out of a total of 12,097 plus 300 small houses for the elderly); 4,667 units on the basis of the plan for self-housing on government property (out of the projected 9,880 total); 3,000 units by virtue of the plan for self-housing on privately owned land (out of the expected 6,318 total); and 9,000 abandoned Turkish Cypriot houses. Thus on the basis of the various plans, a total of fewer than 30,000 units is projected. In addition, we have the temporary housing in Turkish Cypriot homes. However, a total of 50,000 units is needed for housing the refugees (excluding the new needs).

#### Education Problem

The impact of the invasion on the educational sector was equally destructive. A total of 202 schools (about 32 percent) and educational centers are in the occupied area while 26 schools (4%) along the "line of confrontation" ceased to operate.

Most of the special schools for retarded children are in the occupied area and are therefore inaccessible. As a result the government had to build new such schools to alleviate the problem. To this day the government has built 17 elementary schools and 7 gymnasiums and technical schools. The expansion of existing school buildings and the repair of 36 schools abandoned by the Turkish Cypriots have helped to overcome to some extent the problem created by the shortage in school buildings. In addition, a school for deaf children was built in Nicosia and a new reformatory school in Palamidia. Also, two special schools (which previously operated in the occupied area) are now functioning in leased buildings. A total of nine technical schools are today serving the same number of children 12 similar schools were serving before the invasion. In addition, two schools for retarded children are under construction. The present educational program provides for the construction of more schools in densely populated refugee camps or near them. It is estimated that more than 40 percent of the budget for education is used for the needs of the refugee children. The total government cost for education in 1978-79 is estimated at 18.9 million pounds, 7.7 million of which have been spent for the educational needs of refugee children. The foreign assistance in this sector represented 3 percent of the total state expenditures for educational purposes.

The annual cost for the construction of kindergarten, elementary, secondary, technical, and vocational schools for displaced pupils and students exceeded 1.5 million pounds.

#### Health

Another acute problem is the provision of sufficient medical and medicinal relief to the displaced. Two of the 6 hospitals, 6 rural health centers, and 20 private clinics with a total capacity of 630 beds are in the occupied area. This figure

represents almost one fifth of the island's total [bed] capacity. About 8 percent of the capacity of special hospitals was destroyed by air raids.

The government has been implementing a hospital construction program in order to alleviate the problem faced by overcrowded hospitals. Until now it has built one 20 to 24-bed rural hospital in Paralimni and the Nicosia general hospital, and plans to expand the Limassol and Paphos hospitals. Two new hospitals will be built next year--a 230-bed one in Larnaca and a 250-bed one in Nicosia. Their cost is estimated at 8 million [pounds].

The annual government expenditures for health reached 4.2 million pounds in 1973 and 9.1 million pounds in 1979. In 1979, the government spent 3.4 million pounds for the medical relief of displaced persons. It is estimated that the foreign assistance in this sector did not exceed 4 percent of the total government cost. The UN High Commission for Refugees has provided the most substantial assistance toward the construction of a new hospital in Larnaca.

#### Infrastructure

The infrastructure projects destroyed at the time of the invasion have been partially restored. A new airport was constructed in Larnaca and the Limassol and Larnaca ports were expanded to receive large shiploads. Also, the telecommunications were restored and important road arteries have been repaired or replaced by new ones.

The total government cost for infrastructure projects during the 1975-78 period reached 12.9 million pounds. The cost of similar projects in 1979-81 is expected to reach 20 million pounds.

#### Expenditures

Originally, 215,000 displaced persons depended on government assistance for their needs despite the emigration of 22,000 persons and the employment abroad of many thousands. For coping with the needs of the refugees and for continuing the increase in social services to refugees it was found necessary to increase the annual state budget. The total annual cost for refugee needs (financial assistance, housing, education, health, vocational training, [business] reactivation) totaled 14.3 million pounds in 1974, 42.1 million in 1978, and it is estimated that in 1978 such cost will reach 46.3 million pounds. It is expected that as a result of the increased cost the level of public expenditures for refugee programs will also increase. In addition to the amounts spent for refugee relief, business reactivation, and housing, other government services are also spending money for refugee support during the implementation of their programs. In its efforts to provide the refugees with a minimum acceptable standard of living the government received from abroad general humanitarian support of around 12 million pounds annually during the years 1974-1978.

#### The Enclaved

In the meantime, the systematic, forced expulsion of Greek Cypriots and Maronites who lived in the occupied area has created 18,000 more refugees and additional problems for the government and has imposed great pressure on refugee relief and welfare services. Even though the government has done enough for the refugees their problems are such that the only way for their solution is to allow them to return to their homes and their properties [in the occupied area].



## POLL EXAMINES RELATION OF ECONOMIC CONDITIONS, PARTY TIES

Copenhagen BERLINGSKE TIDENDE in Danish 17 Oct 80 p 8

[Report by Hans J. Poulsen]

[Text] Even between elections it is almost always the governing party or parties that are held responsible by the voters for positive and negative changes in the economic situation. In the marking, however, it is clear that the individual elements are assigned widely varying significance by the voters. Two researchers deduced this by comparing 87 quarterly polls with the development in several economic indicators.

Increasing unemployment, for example, no longer plays any great part in the choice of party.

The two chronic problems in the Danish economy--the balance of payments deficit and unemployment on the job market--no longer have the voters' special attention. As the years have passed and the crisis has become permanent, it is not these questions that absorb the attention of the electorate as a whole.

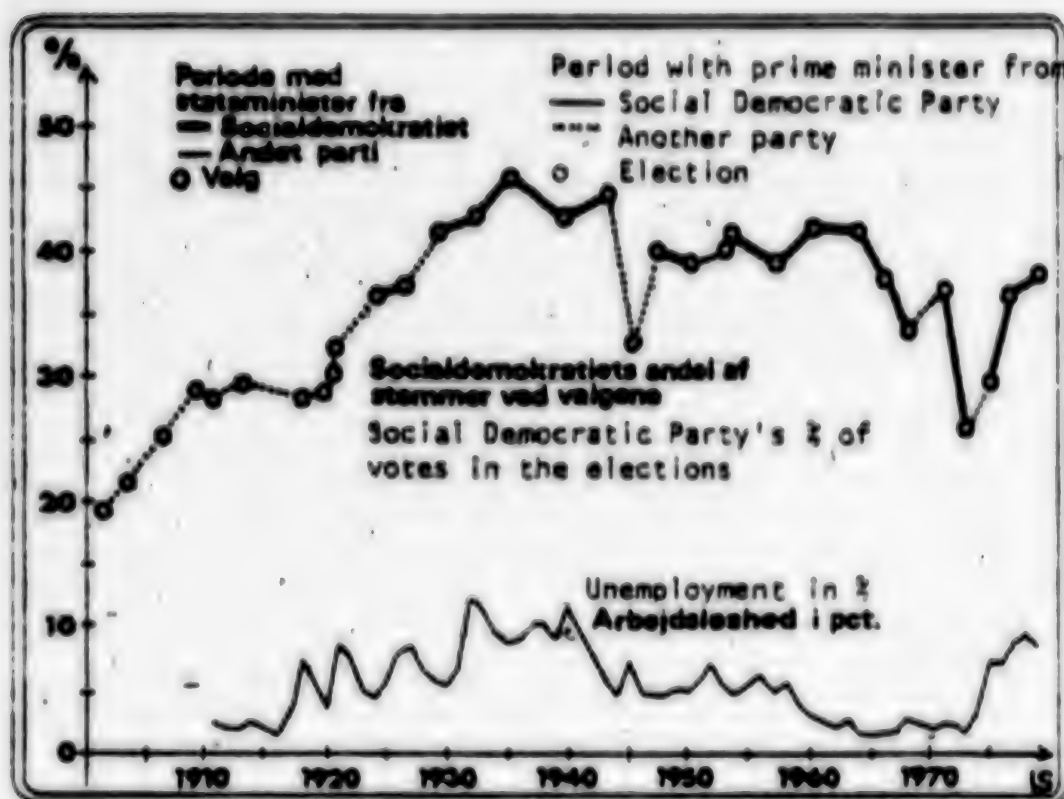
That lesson can be drawn from an analysis of the shifting popularity of government and opposition parties in Denmark for a good score of years, from 1957 to 1978.

The authors of the study are Martin Paldam, Economic Institute, Aarhus University, and Friedrich Schneider, Institute for Empirical Research, Zurich University. The two social researchers, with the support of Dan Larsen, department head, Danish School of Journalism, former contributor to BERLINGSKE AFTEN, undertook a spectrum analysis of 13 different parties' standings in the Gallup polls taken in 87 three-month periods compared with quarterly measurements of the economic temperature: The variations in real wages, unemployment, consumer prices, and balance of payments.

#### Before and After 1973

The extensive material thus stems from periods on each side of the striking dividing line in recent Danish politics: the year 1973 with the "sand-drift" election, which brought a dozen parties into the Folketing.





A graphic representation of the percentage of unemployment back to the beginning of the century (lower curve) compared to the Social Democratic Party's percentage of the votes (upper curve). The curve is reproduced in *NATIONALØKONOMISK TIDSSKRIFT*, which also published the study.

While dry economic facts played a part in party popularity before 1973, there has been a shift in priorities since the multiparty system's arrival on the political stage.

When there is a whole array of parties of widely differing character, the marginal voters shift by preference between parties that will under any circumstances be improbable as participants in the formation of a government; e.g., they may take colorfast ideological standpoints, concentrate on single issues, or be centered around colorful personalities or pure protest movements. Other parties are considered more "government-fit" and to be that they must allow a little slack in the ideological ropes. In exchange they get a reputation for being "solid" and "responsible."

#### The "Exciting" Parties

Paldam and Schneider concern themselves a great deal with the stability pattern and conclude that when times are good, people can better "afford" to vote for more exciting parties, but that when times get hard they return to more responsible parties. This assumption is supported by the outcome of the election a year ago, which falls outside the time frame of the study. In that election the voters increasingly rallied round the four "old" parties; 30 percent of the voters changed parties, and the shifts were primarily changes back to the A, B, C. and V lists.

The starting point of the study, then, is 1957. That was at the time when the Danish economy was starting an upswing after the stagnation of the 1950's. All the way to the end of the 1960's the economy and prosperity flourished as never before. Under these conditions the political system remained very stable. Toward the end of the 1960's, however, the balance of payments system deteriorated, the rate of inflation increased, and the tax pressure grew heavier.

At the same time the two traditional government possibilities alienated their voters: The Social Democratic Party in profound internal conflict over membership in the Common Market, and the liberal-conservative coalition which increased the tax pressure directly contrary to its voters' expectations.

### "The Pattern of Responsibility"

From about 1971 there began a breakdown of a simple and very stable system with about five or six parties, considered by many as a bloc system, into--from 1973--a more volatile and complex system.

There are signs, according to another of the researchers' conclusions, that the system is on the point of swinging back to the old pattern. Until now, however, the process has been slow. But the "pattern of responsibility" is about to become predominant.

Then how do the voters react to changes of brief duration in the economic picture? Here the researchers arrived at some interesting figures by comparing the parties' standings in the polls with significant elements of the overall economic picture:

*Unemployment:* During the period covered by the study, unemployment came to play a smaller part in the voters' appraisal. From being the biggest of four (unemployment, consumer prices, real wages, and balance of payments) it became the least. A 1 percent drop in employment leads to a 0.78 percent decline in the government's popularity. The authors say that people worry less and less about unemployment, and the reason may be that support for the unemployed has risen.

*Balance of payments:* Even in periods when the balance of payments problem is labeled the most important, there is no firm indication that it plays any part when the voters are to decide.

*Real wages:* The opposition to the left of the government loses a little more to the government than the opposition to the right when real wages go up.

*Inflation:* When the inflation rate goes up, the right wing is sure to gain. A 1 percent inflation shifts 1.3 percent of the votes, according to the authors of the study. These votes leave the Social Democratic Party and almost all of them go to the right wing.

*Taxes:* When the direct tax pressure increases by 1 percent (of the gross national product), 1 percent of the voters desert the governing Social Democratic Party. Two thirds go over to parties to the right of the Social Democratic Party, which are counted among the "responsible parties," although they are characterized by a certain "lackluster solidity."

. . . . .

### As the Figures Look Right Now

The financial report published last week emphasizes that the government's pessimism has to do primarily with the fields toward which the voters (cf. Hans J. Poulsen's article above) are generally most apathetic in their choice of party: unemployment and the deficit in current balance of payment accounts.

For the next few years, up to 1984, an uninterrupted growth in unemployment is predicted. Provided no measures are taken, the number of jobless will grow from the present ca. 150,000 to 253,000, corresponding to 9 percent of the work force. But even if the economy's competitive position improves--and it is here that the wage question comes in--and there are continuous adaptations in economic policy, it is predicted that 225,000 persons will be unemployed in 1984.

It is the budget department of the Ministry of Finance that publishes every October, in a printing of 6,000 to 7,000 copies, its prediction of how the economy may be expected to develop. But hypotheses and predictions do not always prove correct, because the assumptions may be invalid. Thus the balance of payments has always shown itself to be a satellite with a hard-to-predict path across the economists' firmament. According to the new report the balance of payments deficit in 1984 will be nearly 25 billion kroner. But if measures are taken and restraint is exercised, it can be brought down within the coming 4 years to "only" 10 billion kroner.

In 1984 over 2 million people in Denmark will get most of their income from the public treasury. By next year it is estimated that the state budget deficit will be 18.4 billion kroner, and that is ca. 2 billion more than in the finance bill that was published in August. But the deficit can very easily sneak up to about 20 billion, if expectations of an increase in car sales are not fulfilled.

The report concludes that the deterioration of state finances is not an "expression of a weakening of the strict finance policy, but rather a result of [line or lines apparently omitted] and of the business slump."

The prospect of an increasing deficit, therefore, in the department's own words, "is not in itself a reason for discussions of a change in the economic policy."

How the two evils of Danish politics--balance of payments and unemployment--will shape up if no measures are taken:

	1979	1980	1981	1984
<i>Billions of Krone:</i>				
Balance of Payments	-15.5	-18.5	-15.5	-25.5
<i>Thousands of Persons</i>				
Unemployment	162	175	195	253

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## INDUSTRY ENTERS LABOR TALKS WITH ALL ADVANTAGES

Copenhagen BERLINGSKE TIDENDE in Danish 21 Oct 80 p 9

[Commentary by Frank Dahlggaard]

[Text] The wage agreement negotiations on the job market are often compared to a poker game between two players.

Before the winter "poker game" on the job market the employers have already got the good cards in their hands. First and foremost, the employers have three trumps, each of which by itself can take practically anything that is played by the union side:

First trump: The employers have *expert knowledge* behind them when they say they cannot afford any wage increase worth mentioning in the near future. The OECD report on Denmark states (page 48) that we are faced with unusually great problems in "adjusting" our real incomes to the higher oil prices and the needed improvement in our ability to compete with other countries.

Our domestic "wise men" have stated time after time that our wage level is too high in comparison to other countries, and that a retardation of the wage inflation can restore the situation. The national bank says precisely the same thing, and lastly, the Budget Department's economists put an exceptionally good card in the employers' hands with its "Fine Print No. 2" of April 1979. It is stated there in black and white that for each percentage point that the rate of wage increases is reduced, employment will be increased by 9,000 persons in the private sector, and at the same time the exchange deficit will be reduced by 1.5 billion kroner after 4 years as compared to the figures without such a change.

## Government's Policy

It is worth noting that the Ministry of Finance did not come out with these calculations until April 1979, after the wage agreements had been completed for that time.

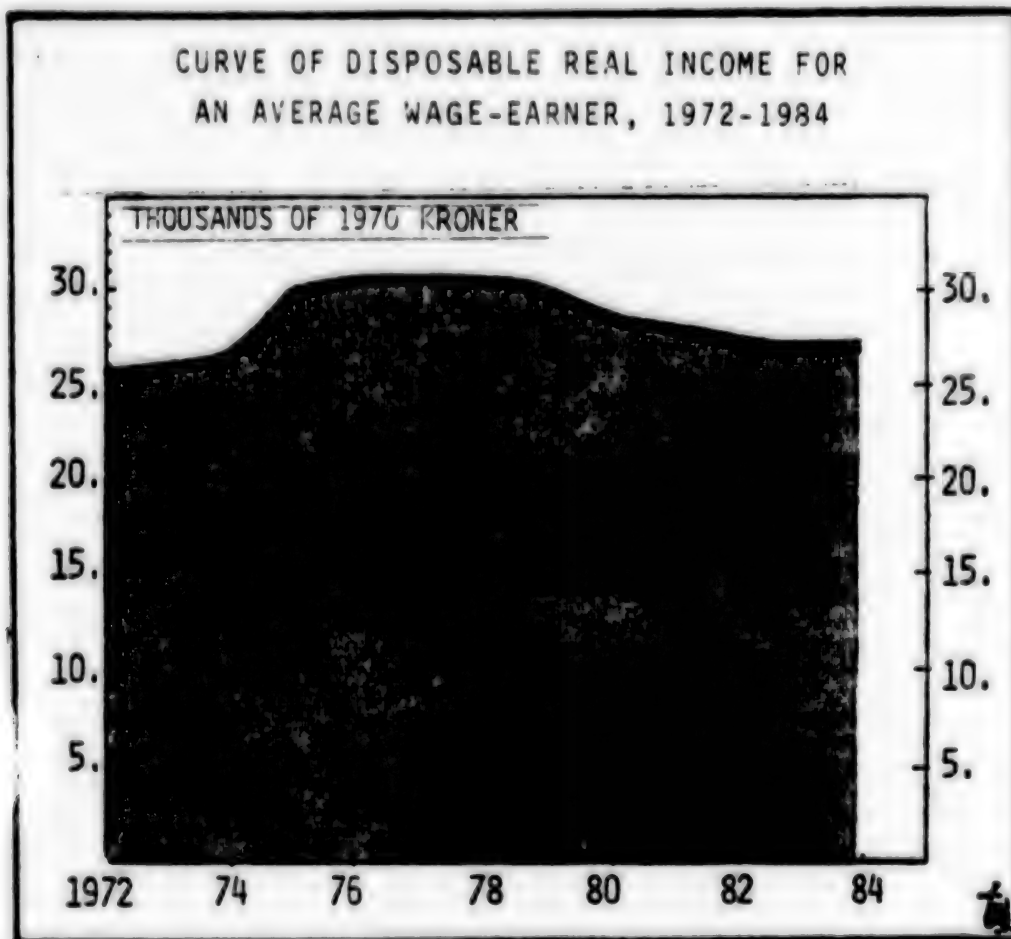
Before this winter's negotiations, however, these calculations *are* available and can be used to considerable effect.

Second trump: The employers have the Social Democratic government behind them when they assert that they cannot afford any wage increase worth mentioning. In the "Projection of a Long-Term Economic Policy Action Program," which the



government presented in April of this year, it appears clearly that the disposable real income (i.e., buying power of wages after taxes) must be reduced by 1.5 to 2 percent a year for an average employed person.

In the financial report just presented the government repeats that it is a part of its economic policy to reduce the consumption capabilities of an average employed person by 1 to 2 percent *a year*. On page 56 of the financial report the government even shows the intended development of disposable real wages graphically; cf. the graph below. The figure shows that it is the government's policy to reduce the disposable real incomes year by year up to and including 1983, or in other words the whole of the next wage agreement period.



This has been the fluctuation in "disposable real wages," i.e. buying power of wages or salary after taxes, for an average employed person. The figure also shows the development up to 1984 that the government wants. Source: Financial Report, page 56.

#### No Intervention

Now the parties on the job market are not negotiating about disposable real wages, but only about money wages, but it is still the disposable real wages (buying power of wages after taxes) that the wage-earners and their unions are interested in.

Now that the government has already determined the development of the disposable real wages, there is really not so much for the unions to negotiate about; if they win substantial raises in money wages, the government will simply take the money away by raising income and excise taxes or by devaluing the krone.

Ivar Nørgaard, minister of economic affairs, repeated that threat in EKSTRA BLADET the day before the opening of the Folketing: "There is not one krone for wage increases," the minister of economic affairs said, and added that if some groups have improved their consumption capacities, that must be at the expense of other groups.

At the same time that the government has clearly set limits to the development of buying power after taxes, it has been made clear that the parties on the job market are not to expect a political intervention this time: "If the negotiations collapse, the job market parties themselves must take the consequences. A conflict will not be stopped by political means," the minister of economic affairs told EKSTRA BLADET on 6 October.

In other words, the coming wage negotiations will take place under a real threat of heavy conflict. That should warn the parties to act responsibly and make sure there is no question of mock negotiations like those 2 years ago.

Third trump: The employers have *the economic situation* behind them when they assert that there is no basis for any wage raises worth mentioning. Production in Denmark is falling this year and presumably will fall in 1981 as well; the "pie" to be divided up is thus becoming smaller. At the same time there is a gigantic surplus of idle workers, while the need for new people on the part of the economy has dropped dramatically.

The latest monthly figures for unemployment (August) show a seasonally corrected unemployment of 181,900 persons, with "only" 136,800 in December 1979, and the increase in joblessness seems to be continuing. When the wage agreement negotiations move into their decisive phase in January-February 1981, the seasonally corrected unemployment will presumably be definitely above 200,000 persons, the highest registered unemployment in the history of Denmark. Under free market conditions such a situation would mean direct wage decreases in kroner and ører...

The employers can also show by statistics that "profits" have declined during the crisis, and that this has also led to a drop in investments. "Capital's" real income drop since 1973 has been many times as great as the wage-earners'.

### No Bluff

With these three strong cards in the employers' hands, the trade unions are extremely weak for the coming negotiations. Parts of the trade union movement (Metal) have openly acknowledged that the wage-earners are not to expect any wage increases worth mentioning. The development in Sweden is still fresh in memory; there, after big strikes, the wage-earners got wage increases that were taken away again 4 months later by a MOMS [value added tax] increase and a gigantic public economy plan. That fresh Swedish example is bound to be frightening.

Every day firms are failing and closing all over the country. Most recently the Lee Cooper cowboy breeches factory in North Jutland decided to stop production in

Denmark and move to England, where wage costs are only half as high. That sort of events make an impression in the trade union movement and in wage-earner circles.

It is no exaggeration to say that the employers have hardly ever before been in such a favorable negotiating position as they now are. For their own sake and for the sake of the country, the employers should not let themselves be bluffed in this winter's big poker game, for they are sitting there with all the aces.

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CSO: 3106

## DEPUTY DIRECTOR OF HAUSTRUPS FABRIKER DISCUSSES TRADE RELATIONS WITH POLAND

Copenhagen BERLINGSKE TIDENDE in Danish 20 Oct 80 p 10

[Article by Flemming J. Mikkelsen]

[Text] Owing to rising import costs and a slender exchange purse, the Polish state will depend in the future on increased production. But Poland lacks technological development, and is sending abroad more and more for that.

That is what the Danish Export Association thinks, and its director, Cresten Jørgensen, characterizes transfer of Danish technology and know-how to the Polish market as a reasonable possibility, and the association has registered an increasing interest among Danish firms in getting an agreement with Poland on supplying technology and know-how.

#### Haustrups Fabriker

But there are special conditions connected with an agreement with an East European country. Haustrups Fabriker in Odense, which manufactures 600 million cans a year --special export cans--is one of the Danish firms that have delivered several packaging production lines on a turnkey basis. Among others, since 1973 the firm has had five contracts for between 2 million and 14 million kroner with Poland for furnishing machines, setting up production apparatus, and assistance in training in connection with operation, quality control, and maintenance. Deputy director Niels Erik Jensen says:

"My best advice to Danish firms that are interested in transfer of technology or export of know-how to East European countries is: Be diplomatic, get acquainted with the bureaucracy, and always go through channels.

"It is also enormously important not to oversell your products. You will get the contract in the end, but the Poles will demand a reduction in price if the agreed conditions on time of delivery, capacity of the machines, etc. are not fulfilled."

At the same time one can count on it that the Poles' promises concerning local planning, grounds, buildings, etc. will not in every case be carried out in all details by the stipulated time, and Haustrups Fabriker's policy in Poland to date has been that in case of any small deficiencies on the Polish side it has been found sensible to give a certain amount of assistance themselves.



### Cooperation Praised

But otherwise deputy director Niels Erik Jensen has only words of praise for the cooperation with the Polish industrialists. The Poles pay promptly, and they are very hospitable. And Polish delegates on visits in Denmark set a great value on being treated "as a member of the family." Visits to restaurants with Danish colleagues are highly prized, and a visit in a Danish colleague's home is prized still more highly. Nils Erik Jensen also says that as a rule there is a celebration in connection with the letting of a new contract.

"The Poles are a very social people, and I believe they would be very disappointed if we concluded a contract without having a celebration."

Niels Erik Jensen goes on to say that the Danes who are sent abroad should be the best, professionally and humanly.

"They should not be Sunday-school people with delicate feelings," he continues. "They will be away from home perhaps for a long time, and the temptations in Poland are numerous. They must know how to raise a glass, but it is at least equally important to be able to quit. It bothers the Poles a great deal if foreigners come to the attention of the Polish police."

"At the same time, a stay in a Polish hotel room for perhaps 3 months or more is not the most exciting experience, even though the people we have sent there have met with a great deal of consideration on the part of Polish leaders and colleagues," Niels Erik Jensen recounts, adding that sending an employee there is a good investment for the Danish firm, which gets a considerably better qualified employee back afterwards.

### Few Return Purchases Required

In connection with trade with East European countries the problem is often mentioned that Danish firms are presented with return purchase requirements for goods that are not always distinguished for being qualitatively the best. But at Hastrup Fabriker in Odense they have never been met with requirements for purchases in return on a scale that is proportionate to the amounts that the Danish firm has supplied to Poland.

"We have bought a lathe and a number of machine tools, and they were excellent articles," says deputy director Niels Erik Jensen.

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CSO: 3106

## SEMISKILLED WORKERS UNION ELECTS HARDY HANSEN CHAIRMAN

Copenhagen BERLINGSKE TIDENDE in Danish 10 Sep 80 p 6

[Article by Solveig Rødsgaard]

[Text] It was surprising that Hardy Hansen was elected chairman of the SiD [Semi-skilled Workers Union] in December 1979. It was surprising that some time before that he had agreed to be a candidate for vice chairman of the Social Democratic Party. It was surprising that he called on Thomas Nielsen and Prime Minister Anker Jørgensen to keep the peace. But the most surprising, perhaps, is that in his chairmanship he has so far avoided taking sides directly with either the LO [Danish Federation of Trades Unions] boss or the prime minister.

The 47-year-old Hardy Hansen is a new type of union chairman. And although he has often pointed out the necessity of solidarity between the Social Democratic Party and the trade union movement, he is securely seated in the chairman's seat in the biggest trade union in Denmark and has gotten past the reefs in the LO executive committee and the executive committee of the Social Democratic Party.

But Thomas Nielsen could not behave himself the other day. As a comment on Hardy Hansen's appeal to stop the personal bickering between the LO chairman and the prime minister, the LO chairman told EKSTRA BLADET with his usual elegance that "that utterance must be attributed to the fact he (Hardy Hansen) has still got egg-shell on his tail."

There has been a lot of laughing about that. Even in the SiD, which is in full swing with its congress. Perhaps it was the left-wing members of the SiD that laughed most. For they feel somewhat pinched and badly treated by Hardy Hansen and the union leadership, because Hardy Hansen in his speech to the congress settled with the left-wing parties' political efforts. Hardy Hansen wants to withdraw the political support that the SiD usually gives the SF [Socialist People's Party] and DKP [Communist Party of Denmark] in their election campaigns, because the SF and DKP do not support the policy that the SiD goes in for.

It is not an easy union that Hardy Hansen is to direct. A good 314,000 members divided into four powerful groups: The Factory and Industry Group, the Grounds and Building Group, the Transportation Group, and the Gardening, Farming, and Forestry Group,--and with many unemployed members. To the public Hardy Hansen was a relatively unknown quantity when to everybody's surprise he was elected chairman of the Semiskilled Workers Union. At that time Hardy Hansen was chairman of

the Factory and Industry Group and according to the plans should have become the vice chairman. The acting chairman, Poul Christensen, would be elected chairman. It was somewhat thinned out at the top, as Erik Bording and Knud Ellegaard had died within a short period of time.

But the congress in December 1979 wished it otherwise. As a protest against Poul Christensen's having shortly before supported Anker Jørgensen in the political negotiations on an overall solution--in which ØD [Economic Democracy] was given up --the congress elected Hardy Hansen chairman. Hardy Hansen had struck it lucky in not having officially said the same thing as Poul Christensen.

Hardy Hansen has done his job well so far, the members say. His chairman's report was approved the other day at the congress with only five votes against. But he is an altogether different type from the earlier chairmen of the SiD, formerly the Workmen's Union. Including Anker Jørgensen.

"He is atypical as chairman and more open than we are used to in that post. He does not pound the table or shout, but nobody fools him, either." That is how Hardy Hansen was described by one of the employees at the SiD's union headquarters on Nyropsgade [= Nyrop Street].

The employees find him helpful. "You never knock at his door in vain, and you can get him on the phone at all hours if problems come up in a matter."

"He is quiet and reflective in his work. He is willing to go to great lengths. It is partly for that reason that he made his appeal to Thomas and Anker. He cannot see what can be gained by a personal feud. But otherwise he does not take much notice of Thomas." So runs another testimonial.

Hardy Hansen is described as a typical Social Democrat in the center. He is unflinchingly in favor of the EC and nuclear power, even though a large part of his members are against both. But if there is a question of tampering with social services, the union chairman moves several steps to the left of center. He does not forget that he is the representative of the biggest low-paid group in the job market.

He still believes that ØD is the solution, although he had to acknowledge his surprise when at Ikast in February the SiD membership voted against the LO's ØD proposal. With the wage agreement negotiations coming up, he is realistic enough not to shout too loud about ØD. Hardy Hansen is betting on the job market parties' settling the wage agreement situation themselves, but he is demanding a low-wage guarantee to take care of his worst-placed members.

To outsiders Hardy Hansen does not look like a union boss. In long speeches he may have a little difficulty in expressing himself, and for that reason he reads almost word for word from his prepared text, without raising his face many times. He does not use big words or wave his arms.

Nice, friendly, and capable. He has almost always been tagged with that label. Even in the middle 1960's when he was a shop steward at Paul Bergsøe in Glostrup. Hardy Hansen replaced a legendary fire-eating communist, but he did his work in an exemplary way. It was noted that he definitely did not use his position as

shop steward "to goof off." The amount of working time that he used on the shop steward's job was very modest.

Shortly afterward Hardy Hansen became a salaried organization secretary in the SiD division in Glostrup. In a few years he had doubled the union membership. After some years with the AOF [Workers' Education Association], in 1975 he became business manager at SiD headquarters in Copenhagen, and in 1977 he became chairman of the Factory and Industry Group.

The workman's son from Himmerland went to work early. His mother has told in AKTUELT that Hardy Hansen earned the money for his own clothes from the time he was 10 years old. After going to school for 8 years he became a farm worker; then he went to sailor's school in Svendborg, but could not get a berth later and took a job at De Danske Bomuldsspinderier [Danish Cotton Mills] in Valby. From there he went to Paul Bergsøe.

The attractive chairman was once talked of as a candidate for the post of vice chairman of the Social Democratic Party. But 2 days later he went to Georg Poulsen and suggested Knud Heinesen. But he still says that the trade union movement should have had the post.

"I think it would have been fortunate if the trade union movement had filled the vice chairman's post in the Social Democratic Party. It would have shown the unity of the labor movement. My own person is not decisive in that connection," Hardy Hansen told AKTUELT the other day.

But at the SiD congress Hardy Hansen will be reelected chairman tomorrow. Many are tensely waiting to see how he will cope with the coming wage agreement negotiations without hurting himself, Thomas Nielsen, and the prime minister.

There is no leisure time to speak of. At least not to read the great literature Hardy Hansen is so fond of. But he will continue to try to keep himself in shape with his daily run in the morning and by playing badminton.





Tegning: Erik Werner.

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CSO: 8113/0108-B

## FINANCIAL, MILITARY PROBLEMS FACING NEW GOVERNMENT

Hamburg DER SPIEGEL in German 6 Oct 80 pp 20-29

/Text/ Whenever, in former years, the Federal Government was called upon to settle external or internal problems, it simply went to the cash till. The new cabinet will not be able so easily to handle matters.

In 1976 Italy was faced with bankruptcy; Bonn promptly provided a billion credit. When the world economy declined, the Germans obligated themselves to launch a vast investment program, thus firing the engines for a worldwide upswing.

Regardless whether it was a question of aid to Turkey or loans to Poland, of money transfers to the exchange-hungry other Germans or relief for the British--exhausted by the EEC--, the Federal Government paid, and it could afford to do that.

When unemployment figures rose, the government quickly financed an upswing. Bonn's money lubricated the Eastern policy and thus prevented a relapse into the Cold War. It prevented the Western alliances--EEC and NATO--from collapse; it sustained social peace at home.

Now those good days are past. The Bonn budget is strained, the Federal Republic near the limits of its ability to pay--at a time when expectations at home and abroad are still rising. A few weeks ago the Federal Government was compelled to reject a spectacular loan application from Yugoslavia. Due to the lack of ready cash the slight German-German advances are faltering.

Increasing oil prices and less tax revenue, growing unemployment and sagging business do not allow the new government to take a deep breath. Poor indeed are the government's prospects for being able to boast successes in its first year of office.

Economists are unanimous in considering inevitable a recession in the German economy. In dispute is only the extent of the threat and the therapy to be recommended for ameliorating the consequences.

The economists in the Economics Ministry still hope for some moderate growth in the gross national product--0.5 percent. Researchers at the Kiel Institute for World Economics forecast a slight decline in the 1981 national product. This would mean much more than 1 million unemployed in the average of the year instead of about 900,000, a decline of billions in tax revenues and acrimonious standard wage negotiations as a consequence of the lack of money to be distributed.

The only consolation--as always when the economy is in recession: Inflation will be halted. The rate of inflation might drop below 4 percent, always assuming the oil countries will not reverse that trend by new demands.

Drafting the 1981 budget is the most important task to be tackled immediately after the election. Given the actual situation, it is going to be a politically explosive venture. The Finance Minister will have to do battle with the entire cabinet and question payments long since planned.

For lack of money the fiscal planning council (the joint committee of Federal Government, Laender and municipalities) has already cut back the appropriations for next year's budget as earlier drafted in the course of medium-term fiscal planning. Instead of the planned 5 percent, the federal budget is to rise by only 4 percent; in other words another DM2 billion will have to be cut.

While the budget is thus to be trimmed and lower revenues expected (because stagnating business means less taxes paid), the Finance Minister is supposed to juggle resources so as to finance additional tasks.

The major threat to the budget is the Nuremberg Federal Institution for Labor. In 1980 it used up its reserves for unemployment compensation and unemployment benefits. At the same time it was cut off from any sources of additional revenue. Before the election all parties pledged themselves neither to raise the contribution to unemployment insurance (3 percent of employees gross incomes), nor impose a labor market tax on civil servants and the self-employed.

It follows that the Federal Government must plug the holes and pay the deficits from the general fund. In the worst case Bonn's liabilities might rise to more than DM6 billion. Moreover, nobody knows as yet how much the Federal Government will once again have to set aside for the European farmers.

It already appears obvious that the Brussels Eurocrats will not be able to manage with their budget allocation--1 percent of taxable turnover--by the time higher farm prices are once again due next spring. We cannot expect a thorough-going reform of the rampant farm market, especially because French President Valéry Giscard d'Estaing is unwilling to anger his farmers before next April's presidential election, and the new members of the Community expect subsidies from the farm fund. Therefore: Bonn must pay, for the sake of Europe.

In 1981 the penurious Turks will inevitably expect new gifts from the relatively rich Germans to arrive--all in the interest of the Western Alliance. Moreover, the Bonn Government already promised the United States, the senior power in the alliance, next year again to raise the defense budget by 3 percent in real terms (just about DM3 billion).

Even if we are very cautious indeed in our computations, the loss of revenue and the necessary excess expenditure together amount to more than DM10 billion, and nobody knows where they are to come from.

Furthermore, rising unemployment figures next winter are bound to increase the pressure on the government to present new economic and labor market programs. Whether

unemployment is to be fought by giving tax relief to employers, by public investment or employment programs--any program needs more than just a small act of charity.

What are the alternatives? To raise taxes or cut expenditure in order to balance the budget? The chances are dim for either. In accordance with market revivalist criteria, tax cuts are to bring relief to employees as of 1 January. However, a rise in the oil and alcohol tax has already been decided upon, and additional increases--let us say in the value-added tax--would make no sense whatever, in fact they would be positively harmful in view of their inflationary effect.

The miracle remedy touted by fiscal politicians in all political camps is the long overdue abolition of the government savings promotion. At the moment DM7 billion per annum are still spent on this. However, the contracts in effect now cannot be terminated from one day to the next. The savings to the budget will be distributed over several years. In 1981 they would yield only a few millions.

Earlier this year Finance Minister Hans Matthoefer learned how hard it is to scrape together a reasonable amount of money from cabinet colleagues and their budgets. For his modest supplementary budget of nearly DM2 billion, financed by savings, he was compelled to pick up various small amounts from 313 different appropriations.

Nor can the 1981 budget be helped much by another hike in postage--the Federal Post Office is supposed to provide at least 1 additional billion in profits. Politicians in all parties also blocked the way for getting through the coming year by the assumption of additional loans. Long before the election the parliamentary parties decided--after long and acrimonious debates on the national debt--if at all possible not to borrow more than the planned DM27 billion.

The Bonn budget experts are now contemplating entirely new twists. If parliament were to approve the budget as late as possible, ministries and agencies would be compelled to manage with last year's appropriations. Neither the establishment of new posts nor promotions would be possible.

Another trick to be tried is that of punctually submitting a budget to parliament, which lacks some expenditures entirely and assesses others far too low. Later on additional money would then have to be found, either from higher tax revenues or by borrowing.

It is already certain that government and academic economists will once more agree in the coming months that the labor unions should be more modest in their wage demands. Unless the economy is not to be permanently crippled, the scope for wage raises is only 2-4 percent.

However, the hope for sweet reason as interpreted by economists seems entirely unrealistic. The labor unions will meet stiff resistance if they ask their members to accept a real loss in income.

The hour is most unsuitable for any appeal to moderation. Though, at the beginning of the year, employees will be able to enjoy some tax relief, the 0.5 percent rise in the retirement insurance contribution, the generally rising amounts of contribution (due to higher exemption limits), higher health insurance contributions and



higher gasoline, alcohol and, maybe, tobacco taxes also are bound at least to offset the tax gift. And yet the new government could well use a financial cushion in the coming legislative term. True, the sociopolitical reforms heralded by all parties are subject to the proviso that they can be implemented only if the treasury is in good shape--but not all projects can be postponed to future and better times.

Following the Federal Constitutional Court's ruling, the most expensive reform--the equalization of retirement insurance for men and women--will have to be completed by 1984. So far, however, financing has by no means been assured. The increase in contributions from 18-18.5 percent in 1981 will not be enough even to meet the election promises according to which the surviving spouse is to get at least 70 percent of the jointly earned retirement pension, and the retirement pension is once again to relate to gross wages.

Even less are the chances that the social insurance fund will be able to manage the supplement proposed by the parties to encourage the family: No contributions to be paid to the social insurance fund by parents of infants and more money for mother and child.

The German Defense Minister is confronted with similar difficulties. The money at his disposal according to the fiscal plans for the next 4 years will not be enough to pay for the aircraft, tanks, missiles and ships already on order; it will certainly not suffice to meet the additional military expenditure the United States requires from its allies. According to the latest ministry estimates ("for service use only --secret"), some DM10 million are lacking.

The main culprit here is the enormous inflation in the cost of new weapons systems. The multipurpose fighter aircraft "Tornado," for example, will cost DM67.3 million, 50 percent more than the 1974 estimate (43.8 million). The price of the 112 type frigate rose from DM315 million (1974) to DM431 million.

Cuts in other fields are inevitable: The "Leopard II" tank (DM4 million) will join the armed forces at a much slower rate than intended. The air force and the navy must forego the anti-aircraft missile tank "Roland" (DM13 million), which was to defend airfields and ports. The army will be unable to provide for NATO three new brigades as quickly as promised: The money for barracks and depots is lacking; already this year construction plans had to be scrapped to to lack of funds.

Government and parliament must expect even worse: The new legislative term will have to come to decisions about the weapons of the 1990's. If it fails to do so the Bundeswehr is bound to become a "mobile military museum" (to quote an army general). Anything meant to drive, fly, swim and shoot in the last decade of this Century will have to be on the drawing board no later than 1981/1982.

Up to now General Inspector Juergen Brandt has not even succeeded in nailing the army, air force and navy to a joint list of priorities for the new armed forces plan: The various inspectors are jockeying for the moneys (which are not even available yet) as if they were horse traders; each of them convinced that his section of the armed forces must have absolute priority.

In view of the fact that the "Marten" and M 113 armored personnel carriers are getting to be obsolete, the army wants some 8,000 new armored vehicles for the infantry,

anti-aircraft and anti-tank defense, plus new ammunition for the artillery and for rocket launchers.

The air force has so far received only four brand new "Tornados." It claims that it needs at least 200 new fighter aircraft (TKF) to replace the F-4 Phantoms. According to conservative estimates the price per aircraft will be DM80 million, the development costs some DM10 billion.

Ready for replacement is the "Nike" anti-aircraft missile; assuming 216 launching pads the successor model "Patriot," originating in the United States, will cost at least DM4.5 billion.

Also on the shopping list are new bombs and rockets for the "Tornado" and "Alpha Jet" so that the airmen will not (as they now fear) have to fly tomorrow's aircraft equipped with yesterday's weapons.

The navy urges the construction of an eighth and ninth frigate and new submarines (class 208), because it is to take over operations north of the 61st latitude in order to replace the Americans and English who wish to be represented more strongly in the crisis areas of the Persian Gulf and the Indian Ocean.

We may also take it pretty much for granted that, after the presidential election in November, the Americans will not be satisfied with a few additional German naval vessels. The United States is willing to meet its obligations on the old Continent only if the Europeans build quarters, airfields, ports, supply bases and ammunition depots for the U.S. forces who, in case of war, would have to cross the Atlantic. America is exacting payment.

Defense Minister Hans Apel, usually an optimist, complained a few days before the election that he did not know how all this was to be financed. Apel said: "The former trend--more and more complex, more and more perfect, more and more expensive --, simply cannot continue." There would be "howling and gnashing of teeth" by general staffs and procurement agencies.

Neither he nor his advisers have a clear concept of the future. Wheeled instead of tracked vehicles--that has been the only original suggestion. It could well save millions, but certainly not billions.

For early 1981 the Defense Minister has called a conference (to last several days) of top military men and civilians from his ministry. A senior staffer surmises that "some letters of resignation have already been written." Johannes Trienes, ministerial director competent for weapons technology, took his leave quietly even before the election--and not for health reasons as officially stated.

He confided in a friend that "we no longer have enough money. Nothing works any more."

At the same time the top brass of the Defense Ministry is very worried about the shortage of manpower looming as a result of the drop in the birthrate. From 1987 on it will be impossible to meet the minimum requirement of 200,000-250,000 conscripts per annum from the 18-year olds available.

As the West Germans have obligated themselves to provide 12 divisions for NATO, they will either (like the Belgians, Danes, Dutch and Italians before them) have to default on their contractual obligations and reduce their armed forces--or adopt unpopular decisions.

They cannot recruit more long and short-term enlisted men for the 500,000 strong army because private enterprise and armed forces will be in serious competition for the few school leavers of the 1990's and, in such a competition, private enterprise is bound to win.

Conversion to cadre units (units with few serving men and many reservists) would run counter to the NATO doctrine that the army in the particularly threatened Federal Republic must at all times be ready to march.

There is only one possible answer: To extend the period of conscription from 15 to 18 months and enlist women.

Both these measures call for the courage to face certain unpopularity. Anyone advocating 18 months of compulsory service and asking women to serve must reckon with a substantial desertion of young voters at the subsequent elections.

As a senior SPD politician summarizes the situation: "There is only one possible remedy for this financial and manpower dilemma: Disarmament agreements."

Unfortunately nobody seriously expects the 1980's to be a decade of disarmament. The mistrust between East and West is far too pervasive.

For more than 7 years there has been no progress in the negotiations on mutual and balanced force reductions, which aimed to achieve cuts in the armed forces stationed in Europe and, therefore, the Bundeswehr. For the time being a breakthrough in Vienna is not even on the cards.

Only optimists still believe that the Americans and the Russians will agree on limitations on their deadly potential before, at the end of 1983, the first of 572 Pershing II rockets and Cruise missiles are emplaced in Europe.

Despite readiness to negotiate the target conflict is too great to be settled in this decade. Western military men aim to restore the balance which they believe to have been lost; the East will do everything possible to secure the existing ratio of power in its favor.

As long as there is no genuine progress on the way to worldwide disarmament, Bonn's foreign policy will have to continue concerning itself largely with the limiting of conflicts and smooth cooperation with its European partners, coupled with the cautious consolidation of its own self-confidence.

According to the analyses of the Ministry for Foreign Affairs the next 4 years will be in the sign of

-- A further deterioration in relations between the superpowers United States and Soviet Union,

- Increasing political and military conflicts in the Third World, and
- Violent distribution struggles between North and South about a new world economic order.

In such circumstances the West Germans must remain the strongest advocates of a global balance of power. After all, the medium power Federal Republic benefited most from the detente initiated in Europe in the 1970's.

Bonn's future foreign policy therefore needs the skill of a precision craftsman: On the one hand we must take account of American sensibilities when new business with the East is in view; on the other hand, if only for economic reasons, the Bonn Government is dependent on cooperation with the Soviets and their allies.

The Germans have still not clearly mapped their position following the change in the Soviet and American foreign political line, which occurred late last year: The Russians invaded Afghanistan; the Americans declared the Gulf region an area in which their vital interests were engaged and, at the same time, announced that they intended once again to be No 1 among the world powers.

Washington promptly abandoned its previous tenet that detente was the prime goal of foreign policy and the most important step on the way to worldwide disarmament.

The Federal Government of the time accounted it a success to have urged its ally to return to a moderate line: U.S. President Jimmy Carter stopped aiming to punish and isolate the Soviets. Next week the two superpowers will resume their preliminary talks about the limitation of Euro strategic weapons.

However, until the Bonn Government is able to assess the new administration in Washington, until the succession of Leonid Brezhnev in Moscow and the Kremlin's future foreign policy is settled, any German foreign policy must needs be restricted to wait and see.

Regardless whether the new President in the White House is Jimmy Carter or Ronald Reagan--given the confused situation in the oil region he will most certainly ask the Europeans and the Germans in particular to assume greater burdens. And Washington's demands will necessarily result in new German-American dissension: For assuming costly obligations the Bonn Government will claim more rights and more of a voice; all too often before it has received a dusty answer to such demands, even when it merely asked to be consulted.

The senior diplomats of the next Federal Government will have their first opportunity for shining on the international stage when the successor conference to the Conference on Security and Cooperation in Europe meets in Madrid in November.

Without touching on the sensitive balance between the two superpowers Bonn could certainly put in a strong plea for the greater involvement and responsibility of the Europeans. Brussels will have to decide whether and how the EEC may in future be financed and also whether and how Spain and Portugal may be included in the Community in addition to the new member, Greece.

Polite diplomatic verbiage is not going to be of much help. At issue are national interests. In the past the Germans were able to achieve their foreign political goals by means of their economic superiority or money.



No longer can billions in aid help to make European and economic policy. We seem to have lost our room for maneuver; our political and economic scope is narrowing.

The government may retain a remnant of freedom of movement only if it arranges its priorities without consideration for sensibilities and interest groups and--at the same time--unlocks new liquid resources for political organization.

One of the rules of government propounded by Italian political philosopher Machiavelli says: "The necessary cruelties must be inflicted at the beginning."

Let it be so.

11698

CSO: 3103

## EDITOR CITES CONCERN RAISED BY SAARINEN'S KOIVISTO COMMENT

Helsinki HUFVUDSTADSBLADET in Swedish 24 Oct 80 p 2

[Editorial by Jan-Magnus Jansson: "Koivisto's Candidacy"]

[Text] "The unofficial position taken by the social democrats on the presidential candidacy of Koivisto contains nothing really new, but its wording clarified the situation a bit further," writes Jan-Magnus Jansson, who also comments on Aarne Saarinen's interview in HUFVUDSTADSBLADET [HBL].

Barely 2 weeks ago we published an editorial which ended in an appeal for greater candor on the subject of the presidential election. Hopes have been answered beyond measure, in terms of publicity. If that is a sign that an unnecessary and troublesome taboo has been broken and that various elements need to discuss in public that which previously has been discussed in secret, that is all to the good.

One thing is the journalistic response, however, and another is how much the practical political situation has changed. In the editorial on 12 October we found it urgent to get clarification within a reasonable time of "the election's ordinary political framework." What we meant by that was that we should know if in 1984 we are going to have a regular election with several candidates, where a successor to the present president is elected, or if the intention is to extend President Kekkonen's mandate, possibly through an exceptive law. Asking the question was justified following the statements made by several party leaders during the past weeks. If a regular election is held again, then "ordinary framework" means also that gradually the central political alternatives, which are the most important candidates, are made known.

To what extent have the questions now been clarified? In the first place attention is naturally focused on the social democrats' announcement of 17 October. With direct reference to HBL's editorial and to a (for Mauno Koivisto exceptionally advantageous) presidential poll which the previous day had been published in HS [HELSINKI SANOMAT], the party's main organ explained that the social democrats' most likely candidate is Koivisto, "when and if a normal presidential election takes place in this country in 1984."

The announcement by the social democrats was probably not intended to contain any major changes. Most likely it confirmed certain statements which had already been

made earlier within the party. SUOMEN SOSIALIDEMOKRAATTI (SS) referred to the position taken by Kalevi Sorsa, among others, which contradicted the statement that Sorsa and Koivisto are competitors for the post of presidential candidate of the party. What was sensational, however, was the authoritative form of the announcement. The public has certainly drawn the correct conclusion that Koivisto has now been "designated" as definitely as possible without any party organ taking a position on the matter.

In a way it was more important that SS, in an editorial the same day, decisively confirmed that when President Kekkonen's mandate runs out it is best to elect a successor for him in a normal election, in which each party can nominate its candidate. The newspaper did not agree with other forms of exceptional procedures. With that SS took the same position as HBL.

An important input to the discussion was the interview which HBL published on 18 October with Aarne Saarinen. Even if one disagrees with Saarinen's viewpoint--and we do--one must recognize that the Communist leader spoke openly and directly to the point. It was obvious that he spoke on his own behalf and not that of his party, which he later emphasized. It is noteworthy, however, that opposition leader Taisto Sinisalo has made a common cause with Saarinen. How that stands with opinions at the party's grass roots is another matter. According to a Gallup poll, 48 percent of the people's democrats today support Koivisto as the next president.

The main point of Saarinen's message in this situation is commonly known: he, and the party in case it follows him, do not support Mauno Koivisto's candidacy. Saarinen suggests the reason very clearly in the interview. He regards Koivisto as a political lightweight whose popularity rests on "very superficial grounds." In addition he said that support for Koivisto in some ways coincides with the increased currents toward the right and referred also to "related foreign policy reasons" for his contrary stand.

Saarinen's statement, especially his foreign policy reservations, have understandably attracted attention. Koivisto has certainly often been censured by the minority communists, and also the party's majority has in various matters behaved half-heartedly toward him. Such clearly expressed disapproval of him, however, has not been stated before.

The interview with Saarinen reminds us in a less pleasant way of the fact that foreign policy matters almost invariably arise before a presidential election. Still there is no reason to overdramatize Saarinen's word on that point. We have reason to believe that he is expressing only his own personal judgment. The debate about "foreign policy reliability" which took place during the 1950's and 1960's is hardly coming back in the entirely changed circumstances in which we now live. Neither can a shadow be cast over Koivisto, whose "loyalty to the line" can not be questioned and who in two stages has led our government during the past decades. Another thing entirely is Saarinen's clearly stated view that he prefers other candidates from the Social Democratic Party or the bourgeois parties. Without allowing fantasy totally free flight, names such as Sorsa and Karjalainen come to mind.

Therefore the social democrats now have, in contrast with other parties, at least an unofficial presidential candidate. It is both an advantage and a disadvantage for the party. An advantage in that it gives the party increased stature. A disadvantage in that Koivisto's actions and statements from now on will if possible be still more critically scrutinized than before. The bourgeois parties' positions can on the other hand be expected to dawdle still further behind. That is caused in part by a genuine doubt about the candidates. It should not be forgotten that the largest bourgeois parties' leaders--like Saarinen, who repeated his position in the HBL interview--have announced for a continuation of President Kekkonen's mandate. So the election's "ordinary framework" still remains largely unclarified.

9287

CSO: 3109



## WARTSILA GETS LARGE SOVIET SHIP ORDER, INCLUDES CABLE CRAFT

Helsinki HELSINGIN SANOMAT in Finnish 25 Oct 80 p 25

[Article: "Wartsila Gets 50 Million Markka Repair Order from Soviet Union"]

[Text] Wartsila's Kotka Shipyard has concluded an agreement with the Soviet export and import firm V/O [All-Union Association] Suodoimport worth nearly 50 million markkas for the overhaul of nine seagoing fishing vessels next year.

The order for repair work obtained by Finland in a stiff international competition is the largest contract for repair work ever received in the history of Wartsila's specialized Kotka Shipyard.

The agreement signed by V/O Suodoimport General Manager O. S. Kropotov and Wartsila Manager Lars-Petter Godenhjelm on Thursday in Moscow is also the largest ship repair agreement concluded by the Soviet side.

This large contract will decisively improve the weak employment situation at Wartsila's Shipyard. According to Manager Lars-Petter Godenhjelm the employment situation at the shipyard would have collapsed within a month if this contract had not been obtained. For the present work has been guaranteed for a long time. The Soviet ship repair order will make up approximately 70 percent of next year's capacity.

At this Wartsila's Kotka Shipyard employs 350-400 workers including subcontractors. In order to protect employment a gradual attempt is being made at the shipyard to transfer some contracts to their own workers.

"We will still need subcontractors, but primarily to level out peak periods. The extensive use of subcontractors is no longer profitable from the point of view of our own employment," stated Manager Godenhjelm.

According to the concluded agreement of the ships being sent for repair six are of the Kaspi type and three are of the Atlantik type. The hull and the interior of these ships will be restored to their original condition and a portion of the machinery, piping, and electrical equipment will be renewed at Wartsila's Kotka Shipyard in Pikku-Hieta.

The repaired ships will be sent back to the client in the spring and fall of 1981.

The agreement concluded now is a continuation of the agreement on long-term cooperation between V/O Suodoimport and Wartsila. Wartsila's Kotka Shipyard is the only shipyard in Finland that specializes in repair work and alteration of sea-going vessels.

The overhauling of cable craft and normal repair work on small icebreakers are also done at the shipyard. In addition to this, the shipyard manufactures steel structures.

10576

CSO: 3107

## UUSIMAA PROVINCE TO TEST CIVIL DEFENSE EVACUATION PLAN

Helsinki HELSINGIN SANOMAT in Finnish 23 Oct 80 p 11

[Article: "Helsinki Tests Evacuation"]

[Text] Uusimaa's crisis preparedness was tested on Wednesday evening with a directive to prepare for the evacuation of Helsinki. The city's airspace was closed to all traffic on Wednesday, schools were closed the day before, and a portion of the population had left in accordance with a voluntary evacuation plan.

The drill was directed by Mayor Raimo Ilaskivi from Helsinki's control center in the Koskela bomb shelter. The mayor was supported by a six-member leadership group.

The imaginary war situation began to look bad from the point of view of the capital city area on Wednesday. On Tuesday Helsinki had been subjected to fire from the sea and on Wednesday the city was bombed. Sipoo and Kirkkonummi were also bombed.

According to a situation report issued by Civil Defense Chief Olavi Kettunen, 60-70 people perished in the bombing. There were 400 wounded, 130 buildings had burned, and 300 had collapsed. Kettunen reported that approximately 10,000 were in need of rescue work. At this time an order for evacuation was issued from the Council of State.

A portion of the people had already left the city before the official order. Thus the evacuation went smoothly without any panic.

As a consequence of military action the population was further burdened by fires, caved-in structures, and gas leaks.

Pitajamaki, Herttoniemi, Lansisatama, Suutarila, and Sornainen were the most badly damaged areas on the practice board. Rescue activities were concentrated on these areas.

For the purpose of rescue work Helsinki has its own separate fire, first aid, and medical teams, which were also in action on paper.

#### A Real Evacuation in 2-3 Days

Helsinki also has evacuation plans for a real crisis. Evacuation is not the primary solution to each crisis since the city also has a rather dense civil defense network.

In a real crisis approximately half of Helsinki's population could be moved in 2-3 days into the 30 so-called receiving municipalities in the provinces of Uusimaa and Häme.

The city also has transportation plans ready for an emergency evacuation. In addition to this, 500 officials receive continuous training in the various aspects of evacuation.

According to the present state of readiness Helsinki would be able to move 86 percent of its residents into its own and individual bomb shelters. But if one includes the 100,000 nonresidents who commute to work into Helsinki daily, then the percentage drops to 52.

However, this state of readiness will be improved decisively in the next 5 years. The five stations in Helsinki's metro system as well as the three bomb shelters currently under construction will be able to accommodate approximately 40,000 more people. The number of so-called home shelters is increased by 10,000 every year. Even though there will be shelter space for every resident of Helsinki in 1985, there will be vast area differences as far as shelter capacity is concerned.

#### One's Own Housing Area to Be Basic Unit

In the event of a minor emergency or crisis officials emphasize the "personal shelter". This means that one should find shelter in one's own house or immediate vicinity.

In Helsinki's official civil defense program the basis of 1,400 shelters is made up of city block-size areas in the central city.

The small shelters include offices, plants, industrial and business enterprises. An industrial plant-sized shelter can accommodate only 100 people and a city office can accommodate only 50 people. Smaller offices and plants are included in the sphere of so-called household shelters.

In apartment or household shelters the appointed "shelter custodian" is in a key position. He is either the owner or the landlord. The "shelter custodian" is responsible for directing building residents in matters concerning the shelter and for procuring necessary equipment and supplies.

The whole city is divided into nine shelter districts and into two separate shelter divisions. The districts are in turn divided into 4-7 sections and there are a total of 48 sections. The sections are divided into 300 subsections and under them are 1,400 shelter units.

In Helsinki there are 3,150 civil defense shelters for apartment residents, which can accommodate 342,000 people. There are 27 shelters built into foundation rock. They can accommodate 77,000 people.

Uusimaa's crisis preparedness exercise began on Monday. The exercise will include a verification of communications between various officials and the flexibility of medical care as well as rescue and evacuation procedures. This exercise is being planned for alternate years in the various provinces. Uusimaa is testing its readiness for the first time.



## BRIEFS

**LIBERAL YOUTH LEADER DISCIPLINED**--According to Chairman Timo Multanen of the Liberal Youth League Petri Haukinen, the league's first secretary, exceeded his authority in making statements about the league's relations with the Liberal Peoples Party. Haukinen was placed on leave of absence while the matter is being discussed in the decisionmaking organs of the youth league, stated Multanen on Thursday to the executive committee of the Liberal Peoples Party. According to Chairman Multanen expulsion from the LKP [Liberal Peoples Party] hasnot been discussed in the decision-making organs of the youth league, stated LKP sources. First Secretary Haukinen stated on Wednesday that the Liberal Youth League should dissociate itself from the LKP and become a nonaligned radical organization. [Text] [Helsinki UUSI SUOMI in Finnish 24 Oct 80 p 3] 10576

**SKDL WEIGHS ELECTION LOSSES**--Internal problems in the people's democratic movement as well as certain international factors were considered, among others, to be the cause of the election defeat for the SKDL [Finnish Peoples Democratic League] when the league's administrative council totalled up the results of the local elections on Thursday. In the discussions held in the administrative council it was stated that the results of the elections were affected by the prevailing rightwing trend in our country as well as questions concerning government policy. Also deficiencies appearing in the work of the people's democratic organizations from the leadership all the way to the local level negated the conditions for success in the opinion of the administrative council. Also in the opinion of the administrative council the predominance of the bourgeois press upset the goals of the SKDL and hindered the truthful transmission of information to the people. In the opinion of the administrative council the results of the local elections indicate in any event that the SKDL does have broad support among the people and a strong position in Finnish society. First Secretary Jorma Hentila, who spoke in the administrative council, considers that the results of the local elections do not have an immediate effect on the continuation of government cooperation based on its present composition. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 24 Oct 80 p 10] 10576

CSO: 3107

## GISCARD'S CHINA TRIP: BRIDGE TO ECONOMIC, CULTURAL EXCHANGE

## Obstacles to Surmount

Paris LE MONDE in French 15 Oct 80 pp 1, 8

[Article by Alain Jacob: "France Would Like to Increase Trade With China"]

[Text] President Giscard d'Estaing took a plane Tuesday afternoon, 14 October, for China. He is expected to arrive at Beijing Airport on Wednesday, at 1445 hours (6.45 o'clock GMT). This trip should make it possible to improve Franco-Chinese bilateral relations and to envisage the means of stimulating trade.

From our correspondent.

Beijing--Times have changed since that golden autumn of 1973 when Pompidou was the first chief of state of West Europe to be welcomed on an official visit by the People's Republic of China. Over a period of 7 years presidents and monarchs have followed each other to Beijing.

China has broadened its dialog, but has nevertheless not lost sight of its first partners, including France--even though Giscard d'Estaing has put off answering an invitation that dates back to more than 5 years. Does one remember that in November 1975 this newspaper believed it could write that the visit to Beijing of the French minister of foreign affairs--then Sauvagnargues--"was in preparation of one by the chief of state"? Of course Barre and some members of the government in the meantime have made a trip to Beijing. Nevertheless one knows quite well, in China as elsewhere, to what point the Elysee intends to control foreign affairs in order to draw judicious conclusions from the lack of presidential haste.

There is thus something to improve. One may wonder in this regard if a program that provides for a 2-day "private trip" to Tibet, during a visit of a little more than 6 days, seriously bears witness to a real desire "to give a new impetus to Franco-Chinese relations." But the most important thing is to know what Giscard D'Estaing can contribute that is new to a dialog which it is not a question of opening--it has been going on for 16 years--but of relaunching. Prospects on the diplomatic plane are quite limited. With respect to world problems, each of the two countries has positions that are too firmly established to be changed by a few hours of conversation. French diplomacy is not distinguished by excessive activity in

the Far East and even gives evidence of being quite reserved in this regard. But the rare actions it takes there do not always coincide--for example with respect to Vietnam--with those of Chinese diplomacy. Agreements are more clear-cut with respect to the North-South dialog and especially to Africa where French interventions, however powerful, have regularly been approved by China. Both sides doubtless also want to maintain peace, but there are different points of view concerning the best ways to do this.

France's behavior in Europe also raises some questions in China. Thus a few weeks ago NEW CHINA expressly criticized Giscard d'Estaing for the ideas that he expressed in Bonn on European "independence." "It is not only unrealizable," it wrote, "but it is also very dangerous for West Europe to exchange its "independence" with respect to the United States for a permanent "detente" with the Soviet Union. For quite some time China has been putting the Europeans on guard against what it calls the "illusions" and the "traps" of detente. But it now goes a little further in explicitly recommending that they draw closer to the United States. Does this mean that Europe should align with the latter? No, reply Chinese experts on international affairs; we do not wish such an alignment with respect to problems like Iran, for example. But to conceive of a European security that would not depend on the United States would end by playing into Moscow's hands. As one can see, it means setting quite modest limits to the notion of independence and consequently to that which must be associated with it, "multipolarity."

#### The Predominance of English

The broadening of relations with the outside world has necessarily affected the "privileged" bilateral relations that prevailed some years between China and France. It is no longer a question of the latter's contending for influence with competitor countries, such as Japan or the United States. In all domains--cultural, scientific, commercial, etc.--these two countries have taken predominant places in China and the light clouds that may sometimes pass in the sky with respect to relations between Peking on the one hand and Washington or Tokyo on the other would not be able to counteract a trend that is growing still stronger.

One may regret this situation, but there is no chance that eventual efforts in behalf of maintaining, for example, a minimum place for the teaching of French in China will be translated into any other consequences but those of a rear guard fight.

"What can you expect us to do," said some young Shanghai French-language teachers, "when French businessmen, themselves, insist on dealing in English with representatives of Chinese corporations?" It is also quite significant that, less than 2 years after the normalization of diplomatic relations between the two countries, the United States has more students than France in China and almost three times more cooperating experts--not to mention journalists: about 10 American press associations (agencies, daily newspapers, weeklies), have correspondents in Peking, where only the AFP [French News Agency] and LE MONDE are represented.

## To Organize Trade...

In fields like painting, the cinema, the theater, maintaining contacts with scientists, sports persons, parliamentary missions, or others—all of that is well and good. But the seed that is sown will develop with increasing difficulty in a society where the humus of a familiarization with French culture becomes poorer, at least relatively so in comparison with other influences.

One knows the hopes and the irregularities which, on the other hand, characterize the evolution of trade between the two countries. There again, competition is intense. If France cannot compete with Japan and the United States, is it at least capable of developing economic relations with China that are as flourishing as those of West Germany? Doubtless not with the same weapons. In the key sector of industrial equipment, of machine tools in particular, FRG manufacturers offer a quality-price rate with which their French competitors often compete only with difficulty.

## Weapons Markets?

But China looks to France for specific outlays which, if granted, can open doors that can barely be set ajar today—first of all, in the field of credit. Beijing has obtained from several of its partners governmental credits at much lower rates than those of ordinary trade credits (up to 2 and 1/2 percent with Japan). It goes without saying that these transactions are not enough to cover vast investment programs, but they contribute to reducing their cost. The countries that resort to this procedure obtain a dual advantage: the maintenance on the one hand of the activity of some sectors of their economy that are threatened with stagnation or recession; on the other hand, they gain a foothold on a Chinese market which tomorrow may be the bearer of more generous fruit. It is up to France to know if it wants to make the same judgment.

In other respects, the Chinese have clearly manifested their interest in weapons markets which would make it possible to modernize their national defense. France has not turned a completely deaf ear to this desire and, after years of negotiation, has finally agreed to the idea of delivering Hot-type antitank missiles to China (missiles that are manufactured in cooperation with the FRG). Only the idea, however, because the blade of the "readjustment" policy with regard to Chinese economy having fallen at about the same moment, no agreement to sell was signed. On the other hand, one knows that the Chinese military, having specified their priorities, are now in search of some models of a fighter plane, but especially their technology, that could be introduced into China. The Mirage 2000 has been mentioned in this context as one of the pieces of equipment that might perhaps meet these needs. On the French side, this type of decision could only be a matter of policy and would involve diplomatic choices that go beyond the framework of Franco-Chinese bilateral relations.

Yet in this domain, as well as in the domain of credits, it is by these types of choices that one is getting ready in Beijing to weigh the seriousness "of the dialog and of the cooperation" that the Elysee proposes to strengthen.



## Possible Agronomic Cooperation

Paris LE MONDE in French 15 Oct 80 p 17

[Interview with Cauderon, inspector general of INRA (National Institute for Agricultural Research) by Maurice Arvonny, of LE MONDE; date and place not given]

[Excerpts] The People's Republic is engaged in a vast program of four types of modernization, the first of which is agriculture. The latter is profoundly different from western agriculture; it employs very old techniques and special varieties, adapted to climates and methods of exploitation that are very foreign to those that we practice.

However, there is a complementary aspect between this agriculture and ours, which may give rise to fruitful cooperation. We asked Cauderon, inspector general at INRA (National Institute for Agricultural Research) and a member of the Academy of Science, who 2 years ago headed an agronomic mission to China, to characterize the agriculture and agronomic research of the People's Republic and to say in what way Franco-Chinese cooperation may be beneficial.

[Question] In what way can Chinese agronomy complement French agronomy?

[Answer] Chinese agronomy is very rich--and its tropical aspects are as important to France as its temperate aspects...They are of interest in connection with our overseas territories and our technical cooperation transactions. This agronomy, an intensive one just as ours is, is extremely abundant and diverse--contrary to the technical normalization with which we are familiar.

In France too often there is one way, and only one way, of cultivating a species. In China, on the other hand, there are numerous variants. There are very different soils and climates; there are several possible vegetation seasons in 1 year; there are various associations of cultivation: cotton or soya with corn, etc.

All of that results in an extraordinary wealth of local agronomic experience, of originality with respect to cultivation techniques, and of varieties that are suited to different adaptations. In addition, it is an agronomy that is economic, compared with our costly agronomy. All channels of local recuperation--fertilizers, coarse fodder, etc.--are greatly developed. This was the case in France also not so long ago; but that has indeed changed. Thus, direct transposition is almost inconceivable. But this agronomic wealth, with its unexpected channels, opens up horizons and prompts consideration and research. Having said that, one must not regard China as a sort of museum of ecological agriculture. Chinese agronomy is extraordinarily active. China is in the forefront of world nations with respect to the utilization of "in vitro" [in glass] cultivation of vegetal tissues and cells, both for vegetative multiplication and for selection. One knows that France has carried out a role of paramount importance in the development of this sector.

Another example: hybrid types of rice. China has discovered types of male sterility that are making it possible to produce hybrid varieties, with confirmed superiority of yield. That is a great world first.

In a very different field, fresh water aquaculture, we also have a great deal to learn from China...Technical improvements in aquaculture have resulted in exceptional productivity. Finally, the Chinese have produced some breeds of pigs that are very prolific and, for the most part, are capable of valorizing a plain type of nourishment, contrary to European breeds.

After Pork, Colza and Soya

[Question] Some Chinese pigs have been brought to France to regenerate the genetic patrimony of the stock raised in France. Are there other animal or vegetal species that could be benefitted by such an operation?

[Answer] China has offered nine pigs to France, for experimental purposes. A similar transaction is in progress for colza. Both countries have a particular interest in this oliagenous and proteinaceous species. France has carried out projects of prime importance having to do with the quality of oil and of oil cake and the utilization of hybrid energy. Chinese agronomists have kindred preoccupations and quite different experience. An exchange of material is in progress.

But one must also envisage some operations wherein the contribution of each partner would be very different. Thus with regard to soya France has carried out original physiological groundwork for the evaluation of the productivity potential of various varieties. For its part, China has available great genetic diversity and a very long-time agro-technical experience. A study could furnish some valuable courses for genetic improvement of soya in both countries.

In the matter of aquaculture, France has carried out important work on the physiology of fish, and is doing a good job of breeding salmonoids. China has unique experience in intensive management of ponds: an exchange would be fruitful.

[Question] Good cooperation implies reciprocity. What can we offer China in return for what it can contribute to us?

[Answer] Reciprocity is a continuing factor. Well, each of the two countries has some strong points that the other does not have. Thus enrichment can be reciprocal. China wishes to develop some intensive raising of cattle near cities and to develop some new areas in the northeast. It aims to increase the per hectare yield of cereals by 1 quintal per year. That supposes improved fertilization, protection of cultivations, choice of varieties and perhaps some mechanization, more to accelerate urgent projects than to economize manpower.

Those are points where French laboratory tests and those of private enterprise can be valuable, not for transference, but for adaptation. Overall, France has an intensive and industrial agricultural system; China has an intensive and nonindustrial system and each country possesses great genetic wealth that is different. Well, China is developing mechanization and fertilization, and France is obliged to economize on energy. There is thus a certain convergence and the possibility of joint research. Each would thus doubtless utilize the results for the solution of its own problems in a very different manner.

[Question] Do you think that France is in a better position, or a less favorable position, than other countries with comparable agriculture for these exchanges with China?

[Answer] China represents one-fourth of mankind and it cooperates with numerous countries. The United States is in an exceptional position, since it has a considerable community of Chinese origin which is completely familiar with the language and traditions of both countries. Our problem is to make a sufficiently great effort with respect to some well chosen topics. But there are not many French research workers and when it is time for joint actions to be carried out, we will be in trouble.

Our country allots several million francs each year to international centers for agronomic research. It would not be an error in judgment to make the same effort to establish lasting ties with a country as original and as important as China, which places agriculture and agronomy in first place, and whose influence can only increase. Some big projects would have a long-term impact; for example, in the field of genetic resources. But even if limited to one or two vegetal species, that would require a strengthening of our teams.

Another big project must be mentioned: the compilation of agronomic lexicons, which would provide the Chinese world with access to French works and work procedures. It is a big undertaking that goes beyond agriculture, itself, and which concerns the national community. There, too, in order to respond to the considerable effort of our Chinese partners, we must mobilize ourselves.

#### Present, Future Situation

Paris LE MONDE in French 15 Oct 80 p 1

[Text] As was the case with Georges Pompidou's trip in 1973, Giscard d'Estaing's visit to China will attract public attention and will be one of the great moments of the 7-year period. The governmental spokesman already gave a foretaste of this when he made the unusual remark that the president of the republic, who will go to Tibet on a private visit, would be "the first western chief of state" to visit "the roof of the world" ["toit du monde" sometimes designates the Himalayas and sometimes Tibet].

As a matter of fact, France's objectives with respect to the overall visit, which has been delayed for some years, are relatively modest. Past experience in fact induces a certain prudence with respect to ambitions that are not supported by a well-affirmed political desire. France, which in 1964 was the first western country to renew ties with China, while at the same time breaking off with Taiwan, is only in seventh place among the business partners of this great country, on an equal footing with Canada and Italy.

Paris' trade with Beijing is still 6 times less than with Hongkong and represents only 0.32 percent of its foreign trade. French exportations in 1979 amounted to 1.4 billion francs and, as a consequence in part of the Chinese economic "readjustment," it could this year be regressive.

Would France's commercial weakness with respect to its relations with the most populated country in the world be the consequence of a lack of interest that some believe they can perceive at the highest level in Paris for Chinese business? The president of the republic, whose regard for African problems and his consideration for Moscow are known, arrives in Beijing preceded by an unfortunate reputation: that of not having a very clear Chinese policy.

In a statement published prior to the departure of the chief of state, the Elysee did of course declare that, "in a world that is tending to become multi-polar China, as in the case of Europe, can become one of the necessary poles for world balance and peace." Nevertheless, Hua Guofeng's trip to France last year brought to light the differences of opinion of the two countries on various international questions, in particular with regard to the Soviet Union. Nothing, since then, has attenuated these disagreements.

China, which untiringly strikes hard at Soviet "hegemony," is very skeptical with regard to detente. Moscow's intervention in Afghanistan has confirmed its opinions. In agreement about condemning that act, Paris and Peking differ widely on the method to resolve the crisis. Also China reacted unfavorably to the meeting in Warsaw of Giscard d'Estaing and Breznev. Other differences concern Indochina. France is striving to maintain good relations with Hanoi, which Peking regards as an instrument of "Soviet expansionism."

Beijing and France could, however, on the occasion of the visit of Giscard d'Estaing, go beyond a mere improvement of bilateral relations. There should be less lack of assurance on the part of each of the two countries regarding its role--why, for example start out in advance as if defeated by Japan in Asia?--and more assurance with respect to actions concerning the superpowers. As one sees every day, the latter are increasingly incapable, in spite of their domination, of preventing the multiplication of international crises.

#### Industrial, Technical Links

Paris LE MONDE in French 16 Oct 80 p 3

[Article by Maxime Doublet: "Beijing Is Going To Curb Its Orders for Accoutrement"]

[Excerpts] French industrial circles that are interested in the development of exportations to China do not expect extraordinary results from the visit of the president of the republic to Beijing.

An agreement of course was concluded 2 years ago, covering the 1978-1985 period, for the purpose of increasing trade in the principal sectors of French industry. A credit of 30 billion francs was of course granted to China for its purchases of equipment, and an interbank agreement to determine the practical methods of this financing was signed last year. But the figures are there. In 1979, French



exportations to this country amounted to 1,442 million francs, while importations from this country reached 1,387 million francs; that is, an excess of 55 million francs. During the first half year of 1980, French exportations were on the order of 503.6 million francs, and importations from China, 967.7 million francs. The deficit is thus 466.1 million francs and one sees a decrease in French sales which probably will continue in the months, and perhaps in the years, to come.

It is quite unlikely, in fact, that in the near future China will continue to give big orders abroad as it did in these recent years, except in very specific fields, such as ordnance and less ing types of technology. In fact it expects stagnation with respect to its exportations of oil and of coal, which up to now constituted its principal means of foreign currency.

#### The Thorny Problem of the Sale of Arms

The deficiency in Franco-Chinese trade should not be attributed only to Peking. Out of fear of displeasing the Soviets, the French government has not manifested the political willingness that the Chinese expected in authorizing sales of military materiel. For a long time, the Chinese have not hidden their interest in the Hot, the ground-to-ground or air-ground antitank missile produced by the Euromissile company, controlled by the SNIAS [expansion unknown] and the West German MBB company. France has appeared reticent. Perhaps the presidential trip to China can bring something new to this point. If one is to believe western observers, the Franco-Chinese agreement that was concluded this past July, having to do with the sale and the manufacture of civilian Dauphin-type helicopters, would be tied to the sale of Hot missiles. At the moment, nothing has been disclosed publicly.

But the absence of political willingness does not explain everything. The French are convinced that, in order to penetrate China, the only thing that counts are big orders for the delivery of equipment. A joint statement from the ministries of economy and of foreign trade is significant in this regard. It emphasizes in particular big contracts obtained by Creusot-Loire, Elf-Aquitaine, the French oil company, Coyne Bellier, Fives-Babcock... They are not negligible and justly merit being recalled. But it would also be advisable to acknowledge the inadequacy of French exportations to China in connection with sales of unfinished goods and small contracts that alone could make it possible for Franco-Chinese trade to increase on a continuing basis.

#### Transference of Techniques

It is not certain, on the other hand, that French enterprises will offer the payment terms and services that the Chinese are looking for. China's adherence to the PML [expansion unknown] and its presence on the international banking market make it possible for China to obtain the necessary capital to sign contracts. But it will be induced to seek increasingly advantageous financing. Well, the Chinese officials consider the French offers too expensive. They moreover ask that France grant governmental credits that are much more favorable than the purchaser credits granted by banks. This point might be discussed during the trip of the president of the

republic. Nevertheless, during his visit to Peking this past August, Otto Lambendorf, the West German minister for economics, refused to grant Peking privileged finance terms. The press beyond the Rhine then had regarded that this refusal was due to the fear of displeasing the Soviet Union. Will France follow the FRG?

China is not only seeking the most favorable possible financing, but also necessary techniques. Its policy, as shown by most of the agreements that it has concluded these past 7 years, aims at succeeding in manufacturing most of the equipment that it has had to import up to now.

In order to achieve this, it signs contracts that provide not only for the purchase of sophisticated equipment, but also for the transference of their manufacturing techniques. Renault and Citroen, who trade with the Chinese, are familiar with this. Both French automobile firms are placed before a cruel dilemma: whether to export and to grant a license for techniques, or give up exporting and taking the risk of being supplanted. Because Alsthom-Atlantique hesitated, it lost a contract which went instead to Westinghouse to supply turbo-generators.

While France was the first country of western continental Europe to recognize Peking, it did not know how to profit from this advantage by equipping itself with the commercial means that would make it possible to coordinate public and private initiatives. Skepticism with respect to the development of China; distrust of its financial capacity? It is worth posing the question.

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CSO: 3100

## ELECTION CAMPAIGN 1981: BIOGRAPHY OF RPR'S DEBRE

Paris LE POINT in French 20-26 Oct 80 pp 78-81

[Article by Genevieve Galey: "Politoscope of Michel Debre"]

## [Text] Roots

**Judeo-Christian Roots.** Through his paternal grandfather, a rabbi, he has retained only a few ties with Weistoffen, a small village in Alsace, the cradle of another famous Israeli family, that of Leon Blum. From his maternal Toulouse family, "which moved to Paris," he inherited a Catholic education and a faith that is still burning today.

**Venerated Roots.** For the Debre family, this is what counts. And it is with respect that the republican merits of the maternal grandfather, a supporter of Dreyfus, Edouard Debat-Ponsan, a famous painter in his day, are described. Of his father, Prof Robert Debre, an internationally-known pediatrician, the son speaks with admiration mixed with emotion: "I owe him my respect for life... my sense of reality... my taste for a job well done and devotion to my task... my republican demand for public-spiritedness and my pride in the fatherland..." When his father died in 1978, Michel Debre lost a friend and adviser.

**Medical Roots.** His parents, both of whom were born to "liberal," middle-class and intellectual families, met while they were studying medicine in Paris. His mother, one of the first women to successfully pass the intern-training competition for the hospitals of Paris before the war of 1914, died when he was 17 years old, at a time when he was barely older than his sister Claude (now the wife of a surgeon) and 8 years older than his brother, Olivier, a highly-regarded painter.

## Appearance

**Throwback Appearance.** He is of average build (1.72 m), but he looks small. His strikingly round head, his shoebutton eyes, his thinning hair which looks like a powder puff in the wind: put him in a pair of golf pants and you have Tintin. With his stovepipe hat (entonnoir), as he was portrayed in 1970 by secondary schools students unhappy with his capital punishment [sursis] reform, or without it. With a dark suit and tie in all kinds of weather, his only concession to "in" styling shows up in his green wool, Austrian-hunter style, overcoat, which he wears in the winter.

**Pained Appearance.** In public, his alarmist speeches are no longer moving: people are too accustomed to his eternal air of the crucified bearer of all the world's miseries. But in private, who is not disarmed by his somewhat hangdog expression, his charming smile, his wit, his way of taking you by the arm to convince you?

**Remote Appearance.** Yes, he would like to be loved. However, without this legendary unpopularity--which he contests--would he still be himself? "I am very unpopular in the salons of Paris," he admits as if to console himself. "But," he adds, "those people are voluntary dropouts."

### Lifestyle

**Disciplined.** He never sleeps late even on vacation. Up at 0700 hours, he attacks his files in his robe, while he waits to have a late breakfast, when he has a tete-a-tete with his wife, Anne-Marie, the daughter of renowned architect Charles Lemauresquier, "Linette" to her friends. Then, every day, after listening to the news on the radio, the ritual is the same: the reading of publications (LE FIGARO, LA LETTRE DE LA NATION, LE BULLETIN QUOTIDIEN and a confidential information letter), work that is done in his home. At 1300 hours, he has a business or working lunch. In the afternoon, a quick trip to the Palais-Bourbon, meetings in his office, Rue de Bellechasse. In the evening, dinner at home, most often.

**Homebody.** He feels comfortable at home. In his private mansion in Paris on Rue Jacob, as on his estate, "L'Epine Fleurie," in Montlouis (Indre-et-Loire), near the city of Amboise, of which he is the mayor, or at his wife's villa, "Les Pins," on the coast at Prefailles (Loire-Atlantique) where he spends his vacations with his family. In these three places, the ambience, classical but comfortable, meticulously laid out by Anne-Marie Debre, invites one to remain at home. However, even though he appreciates flowers and cozy interiors he is personally quite incapable of holding a hammer in his hand, not to mention a rake.

**Traditional.** Somewhat sated by official trips in the period 1958-1973, during which, except for 4 years, he was continuously a minister, it is with delight that he now enjoys the peacefulness of this gentle France which is so dear to his heart. All the more so and because of his duties as deputy of Reunion he tries to visit this department of the antipodes 3 times a year.

### Tastes

**Historical Tastes.** His life, his leisure-time activities, his happiness, are the history of France. In all its forms. He devours all the works published, collects republican memorabilia (carafes with the likenesses of former presidents, scarves, snuffboxes, etc.), takes up arms in defense of the teaching of history and never fails to visit a chateau or museum on the road. While he was at Matignon, he even served as guide to his children every Sunday morning to a Paris church or monument. Only one French king arouses his full and entire admiration: Louis XI. Several other great figures have his respect: Jeanne d'Arc, Saint-Simon, Peguy (who was a friend of his father), Jules Ferry. And his hero [interet]: Napoleon.

**Circumspect Tastes.** If nine-tenths of his leisure time are devoted to reading (he does not disdain a "polar" to go to sleep), that leaves a few hours to enjoy



performances of the Comedie-Franciase, watch a "Maigret" on television or recite a few Victor Hugo poems or Labiche plays. But his lack of interest in the movies is blatant and his ignorance of music is total, just like Chirac, whom he nonetheless resembles very little.

**Equestrian Tastes.** An authentic horseman like his father, this former Saumur major no longer rides horseback very much but continues to be fascinated by the horse, this animal which gives a feeling of power to the man who trains him. A few dips in the sea at Prefailles, in his pool at Montlouis, a bit of walking around Paris and that is it for exercise. His dog, Pirane, a young German shepherd, is not there for hunting but for company.

### Entourage

**Family Entourage.** Everyone knows it: the family is his "thing." How happy he is surrounded by his wife, a tall and elegant woman, his four children, Vincent (director of a company, age 41), Francois (journalist, age 38), Bernard (surgeon) and Jean-Louis (judge), his 38-year old twins and by his nine grandchildren! What is more, if each of his children has a duplicate set of keys for his private mansion, it is because he loves to see them, to hear them, to be always available to them.

**Devoted Entourage.** Among his confidants, present at his slightest call, are Pierre Racine, age 71, his former colleague, once director of the ENA [National School of Administration] and Andre Segalat, age 70, erstwhile secretary general of government, two high officials, childhood friends, state counselors like himself. At his side since 1968, the most devoted of his disciples, is Jean-Marie Dedeyan, age 36, present director of his presidential campaign. Except for Janine Letrosne, his faithful secretary, Dedeyan alone of the some 180 colleagues who passed through Debre's ministerial cabinets, has remained close to the master. The others, including Haberer, Monod, Jacques Giscard d'Estaing, Ulrich... make up a remarkable network of relationships.

But in his thinking "devoted" is the equivalent of "taskworthy." The information which he demands from his colleagues, friends, children must absolutely reach him, clear and exhaustive, in the shortest possible time.

### Sensitivity

#### A Bogus Tough Guy.

It is true that his fits of temper have been notorious since the time, in 1957-1958, when he was a senator, he wrote violent editorials in LE COURRIER DE LA COLERE [Angry Letters]. Even today "Angry Michou" surprises one by his outbursts. But, once the storm has passed, it is over. What is more, his close associates are unanimous: he is the most discreet of men, the most attentive to his patrons, the most tender of fathers and the most gentle of grandfathers!

A fierce defender of French Algeria, the sight of this country's accession to independence was a knife thrust to his heart. General de Gaulle does not fail to recall this episode in his Memoires: "The morning I let him read... the speech in which I predicted that 'one day there will be an Algerian republic,' he allowed his grief

to break through." He was also wounded by not having seen the General again after his 1969 departure. His wound was even deeper when, admitted to Colombey, in the viewing room [chevet] of the deceased General de Gaulle, he was only able to kneel beside a closed casket.

Authoritarian. Very jealous of his authority, when he was prime minister, he did not care much to have anyone slip in between the General and himself; and political dialog was not always easy. One of his former colleagues is categorical: "It is impossible to show him that he is wrong; when he has made a decision, for him it is of necessity a good decision."

Republican. His enemies have not forgotten that he was suspected of having closely or remotely participated in the bazooka attack against Salan in 1957. And they reproach him for his propensity for using ordinances which in their opinion are not very democratic. But the interested party, a dyed-in-the-wool republican, has only one answer: "A legitimate republic is a strong republic." If he fought the Fourth Republic so hard it was in order that the Fifth Republic might see the light of day.

#### Character

Absolute. An extraordinary faculty for becoming indignant (at times tactical), an astonishing vehemence in words, a deliberate sectarianism with respect to those who do think the way he does: always, "bitter Michel"--whose "walking and riding" at the time of the generals' putsch in April 1961 have not been forgotten, nor his exalted face at the head of the pro-de Gaulle demonstration in 1968--has stood up as the conscience of France.

Loyal. He has been a Gaullist since the days of the Resistance when he opted for internal action. Given the responsibility in the summer of 1943 for appointing the prefects of Liberation on behalf of General de Gaulle, he was not to meet the latter again until 20 August 1944 in Laval. At the time he was commissioner of the Republic in Angers; the General called him into his cabinet in April 1945. He was to remain there until January 1946 when de Gaulle left the government to the great dismay of Debre who, as a senator from 1948 to 1958, was not to cease demanding his recall. However, they rarely saw one another before the grand return of May 1958. Of course, in General de Gaulle's time, he was successively keeper of the seals, prime minister (1959-1962), minister of economy and finance, minister of foreign affairs. And yet, even though he was one of the barons of Gaullism, he never was its chief.

He was not its chief prior to 1958, at the time the RPF [Rally of the French People] or the crossing of the desert. Nor was he the chief after 1969, although under the presidency of Georges Pompidou he had been minister of state for defense. The UNR [Union for the New Republic] and the UDR [Union of Democrats for the Republic] were established without him. And it was Chirac who, right under his nose, established the RPR [Rally for the Republic] in 1974.

#### Methods

Rational Methods. Nothing is left to chance. Every subject before being taken up must be studied in-depth: the reading of existing reports, the demanding of notes from his entourage, the eventual consulting of certain specialists. On his desk,

there are several carefully stacked dossiers, but no disorder. Here one reads a lot, one takes notes, one dictates speeches, one decides quickly and, when necessary--that was the case at Matignon and the ministers still remember it with distress--one pushes for execution. But this letter writer also knows how to find time to encourage one of his children, to thank a voter, to congratulate an author.

**Repetitious Methods.** If repetition is the basis of teaching, Michel Debre is the best of teachers! How often, in fact, have we heard his thunder against the declining birth rate, the rate of inflation, France's poor economic policy, the danger of losing our independence? To those who accuse him of babbling, he answers: "Repetition is the only way to get my message across." Giscard, after de Gaulle and after Pompidou, knows something about that: on several occasions he has received long letters from the General's former prime minister. The most recent (three pages) was sent before the announcement of his candidacy for the presidential election.

### Intelligence

**Assimilating Intelligence.** He has always fascinated his intimates with his quickness in "getting the point" and his capacity for retention. Brilliant in secondary school, at law school, at Sciences-Po, on the council of state, at Saumur, he used as much energy in learning by heart a course in civil procedure as he did the genealogy of the kings of France. Endowed with a prodigious memory, in private he even recited the complete list of their mistresses!

**Disruptive Intelligence.** During the 7 years he has not been a minister, he has not stopped taking government officials to task and warning them of their laxity. And his voice was finally heard: his battles for the third child, for the teaching of history, against the "Common-Full-of-Holes Market" have become so many subjects of daily life. Similarly, this killjoy of dancing in a circle last year pressured Chirac into sharing with him the top of the Gaullist slate for the European elections. By announcing his candidacy for the 1981 presidential election so soon, once again he has placed Chirac in a very embarrassing situation.

### Eloquence

**Incantatory.** His voice often unsteady, his tone hesitant, his delivery halting, his wording chaotic, one never knows in his public speeches whether he is supplicating or sermonizing his audience! With his finger pointed heavenward, with his threatening look and voice, there is something of the spellbinder in him. That is doubtless why he experiences so much difficulty coming across well on the small screen.

**Activist.** However, what a roaring success he is with the Gaullists! Before this audience, all at once he is transformed into a tribune. Using a handful of keywords which are a big hit--nation, fatherland, national independence, effort, solidarity, recovery, public health--it is always with religious silence that he is listened to in RPR meetings. And his exhortations are always punctuated by formidable ovations.

### Culture

**Thorough.** He is not a Pic de La Mirandole, but his classical studies combined with his passion for history make him a real "gentleman" in the 18th century sense

of the term. "My cradle was backed against the library..." he said, paraphrasing Baudelaire, as if to explain his erudition.

Alert. Open to the advances of science and technology, he listens to and asks questions of the specialists whom he encounters, giving the impression around him that every day brings him new knowledge.

Experimental. His movement through the administration, ministerial cabinets (with Paul Reynaud and the General), all the great ministries, the senate, in the European Parliament, his present electoral mandates as councilor general of Indre-et-Loire, mayor of Amboise and deputy of Reunion have given him incomparable administrative experience for which many politicians could envy him. The author of numerous books and pamphlets, his writings in his opinion, however, are nothing more than an indispensable complement to his action.

#### Ambition

Reforming. All students of the ENA--of which he was the founder--know this: it was when he was General de Gaulle's prime minister that the Fifth Republic experienced its greatest period of reform. "You have reform fever," he was reproached one day by an SFIO [French Section of the Workers International]. Fever, perhaps, but in any case the desire to adapt the nation to a changing world. By means of program-laws, he has attempted to change structures while planning for the future. Marked in his youth by the collapse of the 1930's, then as an adult by the powerlessness of the Fourth Republic, he has always considered politics as action.

Conservative. The army, diplomatic corps, finances, the administration: these are the great sectors in which he has been active. But, strangely, there are other sectors in which he has always seemed to be disinterested: the development of customs, the phenomena of society. Both subjects in which he is "lacking." Maybe because he does not "have a feeling" for them, maybe because they do not, in his opinion, come within the purview of political action.

National. By presenting himself for the presidential election, Debre surprised us. He cannot be unaware of the fact that he has very little chance of being elected. Nevertheless, the meaning of his gesture is clear: he wants to "convince" the French that his "national" view of problems is the correct one. All his life has been devoted to this single battle.

A Jacobin and a centralist, he notes that throughout the world new nation states have just been established. And he fears that the nation state of France may lose its identity, its will to live, and finally, may be dismembered. An intolerable idea for a man who, one night in 1960, awakened his children to triumphantly announce to them: "The first French atom bomb has just been exploded in the Sahara..."

8143

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## POLLS SHOW ROCARD CREDIBLE, OF PRESIDENTIAL STATURE

Paris LE MATIN in French 21 Oct 80 p 4

[Article by Claude Weill: "A Contrasting Image in the Polls"]

[Text] The various opinion surveys on the deputy from Yvelines are rather positive but reveal certain ambiguities. For 50 percent of the French, Michel Rocard looks like a statesman; 39 percent deny him that quality. This is what was revealed by a survey conducted yesterday by Public SA, in other words, after the appeal of Conflans-Sainte-Honorine and published today by LE QUOTIDIEN DE PARIS. These figures confirm that the deputy from Yvelines, in the eyes of the French, has a "potential presidential" image. But other surveys show that this rather positive image also entails certain ambiguities.

A survey conducted for L'EXPRESS by IFOP [French Public Opinion Institute] last December placed Michel Rocard at the head of the political "table of honor" for the year 1979; 40 percent of the individuals questioned said that they were "pleasantly surprised" and 24 percent said they were "disappointed" by him. This capacity to "surprise" is certainly one of the aces of the new candidate for the office of president of the republic. While most of the political leaders seem to be the victims of a certain amount of wear and tear--accelerated by the media phenomenon--Michel Rocard has the chance of looking much more like a new man.

Questioned on that point, 52 percent of the French saw in him "a new man"; only 26 percent stressed rather that he has "a political past" (Public SA-PARIS MATCH survey of July 1980). Among the socialist sympathizers, the trend is even more definite (66 percent as against 17 percent). Michel Rocard furthermore is not hesitating to get the most out of this advantage; everybody remembers the short little phrase condemning "a certain style, a certain political archaicism."

His second ace is even stronger: in spite of his "novelty" and although he has never held any national political office, Michel Rocard does inspire

confidence. When the French are asked who "meets the personal requirements necessary for being president of the republic some day" (the barometer used by the IFOP-LE POINT), Michel Rocard shows up sometimes in second place (after Giscard) and sometimes in third place (after Giscard and Chirac).

The credibility of the deputy from Yvelines is obviously tied to his image as a competent economist. The finance ministry by the way is the job that would best suit him, according to the French (IFOP-LE POINT, October 1978). And, according to the Public SA survey mentioned earlier, Michel Rocard is considered more capable than Francois Mitterrand when it comes to "running the French economy during a period of world economic crisis" (46 percent as against 27 percent; 48 percent as against 32 percent among the PS [Socialist Party] sympathizers).

But this credibility goes beyond that. The same survey reveals that the deputy from Yvelines is rather pell-mell reputed to have "more character" than the PS first secretary, being "more sincere," "more convincing," "more capable of resisting the pressures of the Communist Party," and "restoring order if there were any insurrectional strikes" (of course, on this latter point, the PS voters are not of the same opinion).

On the other hand, the French do not credit Michel Rocard with the same stature on the international level as Francois Mitterrand. They have in effect more confidence in the latter when it comes to "deciding on the use or nonuse of the deterrent force"; they think that he "would better represent the French abroad" and that at the same time he would "carry greater weight in the discussions with our allies" and would have "more influence in the Third World."

It remains for us to figure out whether all of these qualities, with which Michel Rocard is thus credited, are not partly a reflection of the sympathy which he inspires (on the sympathy hit parade, he winds up in second place, after Giscard, in the IFOP-LE POINT September survey) as well as a certain ambiguity regarding his political image.

Some statistics clearly bring out this ambiguity. All surveys agree in placing Michel Rocard "further to the left" than Francois Mitterrand. More than that, this judgment is more widely shared by the socialist voters than by all of the French together. But, paradoxically, the same persons questioned feel that Francois Mitterrand best embodies the idea of socialism (Public-SA, July 1980). And when it says that Michel Rocard is more capable than Francois Mitterrand in getting the communist votes during the second go-round, this opinion is contradicted by most of the surveys dealing with voter intentions.

Here is another, even more telling paradox: the October 1978 IFOP survey contemplated an assumption under which Michel Rocard would become first secretary of the PS. In that case, 27 percent of those interviewed thought that the PS would evolve more toward the left, while 15 percent thought it would move further to the right. But, in the same assumption, 19 percent stated that Michel Rocard would try to achieve a union with the Communist Party and 28 percent believed that he would carry out a rapprochement with the radicals and the UNF [French Democratic Union].

## BARRE REFUSES TO DEVALUE FRANC: POSSIBLE ECONOMIC EFFECTS

Paris LE MONDE in French 17 Oct 80 p 1

[Editorial: "Mr Barre and the Franc"]

[Text] "I will never use devaluation nor depreciation of the franc as a way to stimulate the economy. I will never do it," Mr Raymond Barre said on 15 October, before the National Assembly. For several weeks, the prime minister has not missed a chance to bring up the state of the franc. He has two reasons for doing this: to reaffirm the main element of his economic policy--a stable and solid currency--and to answer those who, here and there in the industrial sector, are in favor of depreciating the franc. Admittedly, Mr Francois Ceyrac, president of the CNPF (National Council of French Employers), has publicly stated that he is opposed to such a move. But a part of his group did not agree with him, and some company heads, finding it difficult to sell abroad and experiencing a loss in the competitiveness of their products, are not hiding the fact that they would warmly welcome even a moderate drop in the franc.

This reaction is hardly surprising. For many years, French managers have been used to solving their problems of competitiveness by a slow and continual erosion of currency. Mr Barre is completely opposed to this policy. For all that, one can hardly see why the franc should be devalued today. French currency is holding its own in the SME (European Monetary System). Too often, one forgets in this connection that the parity chosen with relation to the deutschmark at the time of the establishment of the SME very probably caused an under-evaluation of the franc. Since that time, the German currency has lost value and remains weak.

Will this situation last? Recently, Mr Barre maintained that if the franc were under attack, we would have the means to defend it. The prime minister is all too well aware of monetary mechanisms to ignore the fact that a real speculation against the franc would likely sweep aside the measures of defense that one would attempt, and that the political intention to maintain parity would not carry much weight.

Whether the government admits it or not, the present state of the franc is also due to the high level of interest rates in France, rates which are definitely linked to inflation. The French may think that it is a high price to pay for the stability of a well-founded currency.

9671

CSO: 3100

## ELLEINSTEIN: PCF TRIES NEW METHOD TO SILENCE DISSIDENCE

Paris LE MATIN in French 24 Oct 80 p 4

[Interview with Jean Elleinstein, PCF historian, by Didier Buffin; date and place not given]

[Text] Under the heading: "Jean Elleinstein No Longer Has Anything in Common with the PCF [French Communist Party]," yesterday's edition of L'HUMANITE published the text of the PC of the 12th Arrondissement of Paris which stated that the historian "had placed himself outside the Party."\* He was reproached for the fact that during his "appearances on television" and his speeches in the "middle-class press" he engaged "solely" in "violent attacks against the policy" of the Party. He was also reproached for having "publicly called for a fight against the Party's candidate in the presidential elections" and, more recently, for having become "one of the editors of Mr Hersant's publication, FIGARO-MAGAZINE." The 12th Arrondissement's Committee emphasizes that "reprobation is unanimous in the Party."

Jean Elleinstein was a member of the Pablo Neruda cell of the Vincennes faculty (a subelement of the 12th Arrondissement Committee); however, at the time of the move of this faculty to Saint-Denis, his membership should normally also have been transferred.

Elsewhere in this edition, L'HUMANITE has published a letter which Guy Hermier, editor of REVOLUTION, had sent to Jean Elleinstein informing him that for the reasons cited by the 12th Arrondissement Committee he was no longer a member of the weekly's editorial council. Finally, the communist newspaper reproached Jean Elleinstein for planning to participate in the Festival of Roses in Marseilles next Sunday.

Let us clarify the fact that the Party's regulations state that expulsion can only be ordered by the cell after ratification by the central committee. In 1978, Georges Marchais promised to not effect any expulsions. Jean Elleinstein answers L'HUMANITE through LE MATIN.

LE MATIN: According to you, is L'HUMANITE's statement to the effect that you placed yourself outside the Party an expulsion in disguise?

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\*Please see FBIS Daily Report of 29 Oct 80, Vol VII, No 211



Jean Kleinsteins: I want to say one thing first and foremost: it is not so much a matter of my case but the case of all those who criticize the political orientation of the Party. In reality, they want to make us shut up.

As for L'HUMANITE, this is a new procedure for which provision was not made in the regulations. This is another case of personality in the history of the PCF, which is replete with such instances. Marchais has kept his promise: I have not been expelled; I placed myself outside the Party. I should have thought of that. I consider it a proof of weakness.

The leaders of the PCF removed me from the directorate of the Marxist Research Institute (IRM) in the process of an administrative reorganization while I was deputy director of the CERM [Center for Marxist Study and Research]. They removed me from my position as coordinator and editorial staff member of "History of Contemporary France," Social Editions, even though I had started it, by using tardy false pretexts. For years, I have been unable to write for L'HUMANITE. As a member of the editorial council of REVOLUTION, I was never able to write a single article. For years, L'HUMANITE has libeled me without my being able to reply. This is a Moscow to Paris trial.

If Marchais had wanted to confirm the fact that my analysis of the PCF's evolution was correct, in line with the facts, he could not have done a better job. Obviously, the difference for the leadership of the PCF is that we are in a free country, at least in the political institutions sector--which is not the case in the Soviet Union. Since they could not put me in a concentration camp, nor in a psychiatric asylum, they settled for putting me out of the Party.

They do not even have the courage of their convictions; if they want to expel me, let them expel me! Let there be a discussion in which I can give my views; let there be a real, democratic debate. But Marchais is afraid of this, and that is why they do not expel me. They have invented a new procedure designed specifically to prevent debate.

[Question] In your opinion, why have they turned down this debate?

[Answer] I think that the PCF leadership is very worried about the Party's relationship with the masses. The surveys are not good for Marchais. Nor are the cantonal elections. And I think that they are already looking for reasons to explain their electoral defeat. I ask this basic question: who is weakening the PCF? Is it I or, on the contrary, Marchais? The leadership of the PCF through its pro-Soviet, antiunitary, dogmatic, sectarian, adventurist orientation in many sectors is often dogmatic with regard to the demands of the workers. The French voters will answer this question during the presidential election. It is they who will decide, who will judge the policy which was set without any democratic debate by Marchais and the Party leadership.

The question is not particularly addressed to Marchais. Doubtless he is playing a small role in the course of events; however, what is involved is a problem of general orientation. Since 1977, the PCF, which had advanced along the road of Eurocommunism, of independence vis-a-vis the Soviet Union, of historical alliance with the PS [Socialist Party], alone capable of transforming contemporary France,

has fallen back. It has returned to the sad situation of 1950, without having any of the excuses which the situation at that time could supply.

The PCF has stifled all democratic discussion and is pursuing a policy which is suicidal for the left in general and for itself in particular. That reminds me of the German CP on the eve of Hitler's seizing of power. Of course, conditions are not the same; however, the general orientation of the PCF is similar. That is what drives Billancourt, Jussieu and millions and millions of our country's workers to despair.

[Question] Do you not think that by agreeing to regular collaboration with FIGARO-MAGAZINE--the new right's privileged organ of expression--you went too far vis-a-vis your Party?

[Answer] As regards racism, I do not have to learn a lesson from anyone. In 1942, I was a Jewish child forced to hide behind a false identity card. I did not work at Messerschmitt. L'HUMANITE supports the Soviet Union which engages in state anti-Semitism. L'HUMANITE has never criticized it on this point. The Soviet Union is the only state which practices state anti-Semitism. I propose a television debate to Georges Marchais on racism and anti-Semitism.

Naturally my collaboration with FIGARO-MAGAZINE can be discussed. This is a newspaper which defends the majority; however, the same is true of POINT, L'EXPRESS and many others... I do not feel that it is any more harmful to write in FIGARO-MAGAZINE than it is in most of these newspapers. What is important to me is not having to be ashamed of any of my articles. These could be published in L'HUMANITE or REVOLUTION, if these newspapers were free. Such they are, not since they depend upon the PCF's line for their orientation. That said, I accept the criticism. By that I mean I understand it. But I will say that in certain regards, this kind of criticism poses even more forcefully the problem of freedom of the press in our country.

For all that, I am struck by the fact that L'HUMANITE puts the Festival of Roses in Marseilles and FIGARO-MAGAZINE--for which everything considered I write only articles associated with the debate of ideas--in the same category.

8143

CSO: 3100

## ELLEINSTEIN REBUKES SOVIETS ON LABOR CAMPS

Paris LE FIGARO MAGAZINE in French 18 Oct 80 p 30

[Article by Jean Elleinstein: "Dachau, Kolyma and So Many Others"]

[Text] The district of Kolyma is situated in the extreme Soviet northeast. The "Larousse du XX<sup>e</sup>" (in 6 volumes, 1956 edition) states that in the region "there are mining operations of large gold deposits. The mining region is linked by road to the port of Magadan on the sea at Okhotsk." Let us add that it was one of the main deportation sites during the Stalin period and that it continues to be one today. Varlam Chalamov was deported when he was 22 years old in 1929 to a camp in the Solovets Islands. Freed in 1934, he was once again deported in 1937, this time to the district of Kolyma. He spent 17 years there. The "Recits de Kolyma" (published by Maspere Editions, 326 pages, with a preface by Andre Siniaski) constitutes one of the one of the most powerful descriptions of the world of the concentration camp. Thanks to its sobriety and its literary qualities, it is a work of exceptional density. These stories from "La Maison des Morts" explore the depths of the human conscience in the face of the most difficult conditions a man can confront, as if a slave from the mines of Laurion, near Athens, in the fifth century B.C. had left memoirs, or perhaps an Indian slave from the mines of Potosi in Bolivia during the XVth century under Spanish domination.

## Horrible Secrets

We know almost everything about the Nazi camps. They gave up their horrible secrets at the end of the war: the documents are accessible to historians, there is an abundant literature available. That is not at all true of the Soviet camps. "The Gulag Archipelago" of Solzhenitsyn constitutes a large body of knowledge, but there has unfortunately been little written about the tragic history of the Soviet camps. The

Soviet authorities forbid publications on this subject. The archives are closed and most likely do not contain much. The years pass and Minerva's owl sleeps on. We are at the end of the line. The victims of Stalin's terror have nowhere in the USSR, or elsewhere, a monument to commemorate their martyrdom.

We do not know how many there were--10 million, at least, say the authors of "L'URSS et Nous," published in 1978, by Editions Sociales, which is under the direction of the PCF--from 12 to 20 million, as a number of specialists in the history of the USSR believe, many more still according to Solzhenitsyn. Stalin did not burn 6 million Jews, but for him, any Soviet citizen was a potential Jew.

All the Soviet nationalities, all levels of society, all political opinions were represented in the Soviet camps. Some people maintain and perhaps believe that they were not extermination camps, or that one cannot compare these camps to those of Hitler. It is true that there was no Soviet Auschwitz, but there was Kolyma, and Kolyma is Dachau, Buchenwald or Ravensbrück.

Just as the song goes, which is reproduced in the admirable preface of Andre Siniavski, who himself escaped from post-Stalinist camps:

Cursed be you Kolyma  
Nicknamed our planet!  
You lose you head there without fail  
Because you don't return from here.

On the gate, at the entrance to the camp, one could read this inscription: "Work is a matter of honor, of glory, of valor and of heroism," a sinister hypocrisy which the stories written by Chalamov reveal in a special way. One cannot forget the description of the roll calls in the morning or in the evening when, at 50 degrees below zero, numerous death sentences would be read. "The musician prisoners--ordinary common law prisoners--played a fanfare before and after each sentence was read. Feeble light from oil lamps, unable to penetrate the shadows, concentrated hundreds of looks on the thin sheets of paper covered with frost on which were printed the horrible words."

### Stalinist Barbarity

Writing these lines, I cannot stop thinking about what the name Stalingrad meant to me as well as to millions of Frenchmen.



It is not only a subway station which comes after Jean-Jaures on the line from La Nation, it is the defeat of Hitler. But Stalingrad cannot excuse Kolyma and hundreds of other camps which carried off millions of victims. Chili, Bolivia, Argentina, Timor and Indonesia, South Korea today remain open wounds on the body of the Western world, but they are military dictatorships which never have claimed to be building socialism.

The USSR should have been different and it still is in the eyes of some people. Only the stories from Kolyma remind us what Stalinist barbarity was like and thus end all doubt.

Man remains a wolf with respect to other men. Reality must be faced. The USSR was for a long time the bad conscience of the French Left, but today our eyes are open. The publication by Maspero of the stories of Kolyma mark in this respect a date which will be important.

8956

CSO: 3100

## SOURCES, CAUSES OF TERRORIST ATTACKS DEBATED

Paris LE POINT in French 13 Oct 80 pp 59-61

[Article by Jean-Marie Pontaut et al.]

[Text] The tenuous trail of the man on the motorcycle, tangled connections and disturbing similarities in the objectives of terrorists on opposing sides mean that the investigation will not be an easy one for police, who are shaken by the stir created by accusations from within their own ranks.

The man was dark and Mediterranean in type. In the store, his accent was foreign as he negotiated the quick purchase of a Suzuki 125 trail bike. He paid in cash and in dollars and provided the identification needed for his license. When the salesman told him: "The license will not be ready until tomorrow," he replied, "I'll be back to get it."

He left with the motorcycle and never came back. One does not forget a customer like that.

Four days after the attack, the crime squad worked out the man's profile by putting together the puzzle left in the twisted debris on Copernic Street. The experts had immediately noted that the absence of a crater on the site of the bomb blast indicated that a deflagration had occurred above the ground. Among the debris, they had examined the remains of a motorcycle which had probably been parked against the building next to the synagogue. The bomb may have been hidden in one of its bags. Surprisingly, it was only the owner of that motorcycle who did not show up. The identification number found on an engine part among the charred remains led back to the importer in Boulogne-sur-Seine, who had delivered the machine to the Mayer showroom in Versailles, which had then sold it to a customer who himself resold it, used, to a store on Grande Armee Avenue.

It was the owner of the last-named establishment who described the man with the dollars and provided the name given for the license. The name was Panadriyu. All the Paris hotels were then gone over with a fine-tooth comb. In our country, only foreigners are required to fill out a police form at hotels, but the police no longer collect them. It was only after a long search from one hotel to the next that they discovered a trail at the four-star Celtic Hotel on Balzac Street in the Eighth Arrondissement. The man had spent one night there and bought the motorcycle the following day. He presented a Cypriot passport--very probably false (at any rate, the

Cypriot Embassy knew nothing about it. His foreign accent has been mentioned. Was he an outstanding professional leaving false tracks, or are we dealing with an organization more powerful and more international than just the French neo-Nazis?

Two possibilities then present themselves: 1) the stock hypothesis that a Palestinian faction was involved, as in the case of the attack in Antwerp on Jewish children (1 dead and 17 wounded); or 2) the Nazi trail that includes dozens of recent attacks by tiny fascist groups or the bloody bombs in Bologna and Munich, attributed to the Black Orchestra. Let us examine the two approaches.

Palestinian terrorism: Blind terrorism, "destabilization," as it is called, and fanatical anti-Semitism are among the specialties of the extreme Palestinian factions. The famous Carlos, that elusive one-man orchestra who assassinated two French police officers in 1975, claimed credit, for example, in an "interview" with a Lebanese newspaper, for a bomb attack on a "Zionist" bank in London and the grenade attack on the drugstore on St-Germain Boulevard (2 dead and 34 wounded in 1974).

More recently, two Palestinian groups in Beirut--the Eagles of Revolution and the Union for a Free and Democratic Palestine--claimed credit for the explosion on 27 March 1979 that destroyed the Jewish club and restaurant on Medicis Street. That attack was intended to kill, but miraculously, it claimed no victims. And in Antwerp on 27 July, a grenade was thrown at a group of Jewish children in a summer camp by a Syrian who, on being arrested, said he belonged to a Palestinian organization and had gotten his grenades from a German woman terrorist using the false name of Lyna Naviluys. In short, it is not an unthinkable possibility. True, but in the meantime, attacks by Nazis have multiplied at a disarming rate. So let us look at the "black evil" of these other anti-Semitic fanatics.

The Black Orchestra: In Italy, Germany, France, and Belgium, they are stirring and are on the increase, getting themselves talked about, and putting their signature on attacks and threats. The bloodshed in Munich and probably that in Bologna show that the shoot from the rotten stump of nazism is turning green again. In Germany, for example, the number of active neo-Nazi militants has doubled in 4 years (117 acts of violence last year, including--in addition to Munich's 13 dead--two bloody attacks).

At the same time, recent years have witnessed the building of a spider's web woven of international rendezvous. That is what arouses criticism of the police, who have not devoted their energies to that sector, long regarded as a fairytale. Meetings between "brother parties" are becoming more frequent in Europe. One example was the camp meeting held in August 1979 on the Spanish side of the Midi d'Ossau Peak. It brought together about 100 militants from all over the place: Belgians from the Flemish Militant Order (VMO) and the Rexist Front, Germans from the Hoffmann Group, one of whose members was cut to ribbons last month as he was placing his bomb at the Munich Beer Festival, Britishers from the National Front, members of the Spanish New Force, and, among those crewcut campers, the Frenchmen from the National Front, the Party of New Forces, and the former FANE [Federation for European National Action].

That same FANE--Marc Fredriksch's organization--has taken part in other meetings this year: in Frankfurt on 9 February, in Antwerp on 2 March, in Brighton on 29 March, and in Munich on 2 May. This means that the black International is not all that much a fairytale, and it is even more extensive. It takes in Lausanne, where the

European Order has theoreticians, and the United States, where an American of German extraction heads a group that does not lack for money, as well as those in Latin America--the "elders." What is more, that brotherhood of local fuhrers enjoys the support of the biggest European fascist parties: the Italian MSI (Italian Social Movement), which is noisy Giorgio Almirante's group, and its German equivalent, the NPD (National Democratic Party of Germany) (8,000 members). That being the case, the Black Orchestra is well able to move simultaneously in Europe and strike the three bloody blows in Bologna (84 dead), Munich, and Paris according to a concerted plan. The reawakened black terror is taking over from a red terror that is being increasingly hunted down.

The reason is that since those two forms of terrorism use sufficiently similar methods, some activists who are not fussy about ideological differences pass from one to the other. An example is Michel Thibault, 31, that member of the New Order who in 1976 joined the Support Committee for the Baader Gang, only to be excluded from it when his new comrades looked into his background. Those two types of activism are close enough to each other on the anti-Semitism common to both Nazis and pro-Palestinians that it may prove tempting to encourage both by dipping into the same fund.

For the past several years Western intelligence services have been watching the activities of Colonel al-Qadhafi, who supplies Libyan petrodollars and various kinds of aid to all the forms of activism most likely to destabilize the Western democracies. He provides training camps in which Palestinians, independence supporters, autonomists, and extremists of all stripes take turns under the same instructors. Among the extreme rightwing militants who have undergone serious training, some have done so near Tripoli. In Italy, the police investigating the attack in Bologna have discovered strange connections between neofascists and Libya, connections that Jean-Pierre Bloch, secretary general of LICRA (International League Against Racism and Anti-Semitism), exposed in accusing the Libyan leader after the attack. He said that a contemptibly anti-Semitic pamphlet, entitled "The Jew, Enemy of our People" and widely distributed, was actually printed in Libya.

When governments officially turn anti-Semitism into what is almost a state religion, there is indeed reason to look closer.

The man on the motorcycle on Copernic Street also reminds us that the special services regard Cyprus as a rear base for Libyan agents and the jumping-off place for real professionals. One might ask: why was the motorcycle purchased at the risk of leaving a trail instead of being stolen? One police officer says, "It could be the reflex of a pro. A stolen motorcycle could blow the operation if it were stopped by police. A trail discovered after the operation is over and when those responsible are safely in hiding is less serious."

The third theory, mingling French Nazis with foreign agents, also remains plausible. In the horseshoe of opinions, the two ends are close to each other and sometimes touch. The investigation of this affair is feverishly underway in all directions. And all the more energetically since the tranquillity in which the French Nazi movements have developed has brought one accusation to start with: the police, with unacceptable complaisance, have been sluggish in tracking the extreme right while doing just the opposite with the extreme left. Officials respond that the danger was primarily on the left. But 24 hours after the attack, the heads of two of the



main police unions--the FASP (Autonomous Federation of Police Unions) and the SNAPC (Autonomous National Union of Plainclothes Officers)--made serious accusations against their own departments, causing a fearsome turmoil among police.

Contrary to the ineradicable idea generally held, the FASP, which comprises 70 percent of the uniformed personnel, leans to the left. For its part, the SNAPC--with 75 percent of the inspectors--has recently been headed by a team in open conflict with the administration. And its members have political ties in proportions more or less the same as those in the general population. Jose Deltorn, secretary general of the SNAPC, said in his cracked voice: "Mr Bonnet is in possession of the complete list of the FANE's 150 active members, and to our shame, one out of five of those activists is a police officer." And Deltorn, union leader and inspector, waved the September issue of NOTRE EUROPE, the organ of the former FANE. The chief editor is Michel Leloup, alias Michel Faci, 24, who wrote in that issue: "For the first time, it is no longer the police who are infiltrating the Nazis, but the Nazis who are infiltrating the police."

The accusations by the two union leaders caused a maelstrom in their own organizations, and some members turned in their union cards.

The two union leaders deny being informers and refuse to give the names of the black sheep. Jose Deltorn was heard on Monday by the examining magistrate handling the FANE file, but reportedly did not give the latter any specifics. And on Friday, he did not reveal anything to the prosecutor for the state security court investigating the attack on Copernic Street. The minister of interior is saying nothing. So does that list of 150 names, including 30 police officers, exist? And who has it?

Let us look at the matter closely: on 1 July, following an attack on the MRAP [Movement Against Racism, Anti-Semitism and for Peace], for which credit was taken by the FANE, police searched the home of the above-mentioned Michel Faci, a former companion of Francois Duprat, the extreme rightwing leader who was killed by a bomb in 1978. Michel Faci was chief editor of an extremist newspaper very aptly named L'IMMONDE ["disgusting"] before taking over NOTRE EUROPE. At his home in Maisons-Alfort, police discovered numerous documents, a few records of FANE members, and an appeal calling for the rehabilitation of Robert Brasillach, who was shot at the time of the liberation. The appeal had 600 signatures. The FANE had not yet been dissolved at that time, so the police simply photocopied 14 pieces of paper and then returned Michel Faci's property to him (but the RG [Directorate of General Information] photocopied everything).

Three months later, on 26 September, following the FANE's dissolution and the gunfire directed at five Jewish buildings in Paris, the investigators visited Faci again and this time seized the documents. This time there was also a handwritten list of about 50 names, including that of Inspector Durand--who has now been fired--and several dozen applications for membership in the FANE and subscriptions to NOTRE EUROPE. But still no trace of a file of 150 names. Among the hundreds of people mentioned--but with no further particulars--in Faci's documents, it is difficult to quickly identify any who might be police officers. The General Inspectorate of the National Police, which last Monday interviewed the union leaders making the accusations, is working on it. So far, it has reportedly picked out the names of five police officers, including one gendarme and two members of the CRS [Republican Security Companies]

(State Mobile Police)]. While they cannot be prosecuted for their opinions (such an offense does not exist in France), the fact remains that for those civil servants, activity in neo-Nazi groups does violate the law on racism. They can therefore be fired. During Wednesday's stormy debate in the National Assembly, in which everyone applauded his own side and hissed the others, Christian Bonnet made a short statement announcing the discovery of the "Cypriot's" trail, then said, "The government is not going to start a witch hunt." He added, "If civil servants are guilty, they will be fired." What will happen next remains to be seen.

There remains the second complaint against the police: their lax attitude toward the rise of extreme rightwing activism. Its rise has been perceptible, however, as can be judged from the judicial proceedings begun in Paris following attacks for which credit was claimed by fascist movements. From 25 July 1976 to 27 September 1980, 28 such proceedings were instituted, 11 of them for this year alone. Credit for the first of those attacks was claimed by ephemeral clandestine groups: Peiper, Anti-MRAP, Odessa, Black Order, the SS, the Autonomous Neo-Nazi Organization, the Delta Commandos, and Police Honor. But this year the credit has begun to be claimed by legal groups having a legal address: the Revolutionary Nationalist Movement (MNR), headed by Jean-Gilles Malliarakis, and its brother enemy, the FANE. Each one trying, incidentally, to compromise the other.

The rise of anti-Semitism, to which attention has been drawn on numerous occasions by the Directorate of General Information in Paris and the provinces, had disturbed lawmen enough to make them begin proceedings against the newspaper NOTRE EUROPE for incitement to racial hatred. But being embattled with red terrorism, police were devoting most of their efforts to the "Action Directe" organization and neglecting activism on the extreme right, which they regarded very lightly as being rather inoffensive. The narcotics squad did lay its hands on an extreme rightwing militant named Pierre Bouffard last 28 April during a routine drug operation, but that was purely by chance. At the time, he was carrying a communique from the Enraged Sheep, a group that had claimed credit for rocket-launcher attacks on the Ministry of Transport on 15 April, an operation wrongly attributed to Action Directe. Until the end of September, the police confined themselves to the usual routine of hauling in the best known activists on the extreme right. Those operations were intended chiefly to calm public opinion. And some even had the feeling that information was circulating poorly or not at all among the various branches of the police, thus preventing effective action.

The bomb attack on Copernic Street has reopened the whole question. It is no longer possible to believe that terrorism on the right, the left, or anywhere else can claim priority.

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CSO: 3100

## BRIEFS

PUBLIC FOR ROCARD--Michel Rocard according to a Public-SA survey would have sufficient reason to run. This is what 56 percent of the French thought according to a survey conducted among a sample of 862 persons by Public-SA published today in LE QUOTIDIEN DE PARIS; 25 percent of those questioned on the other hand thought that the deputy from Yvelines should have waited for Francois Mitterrand to throw or not throw his hat into the ring. Besides, 49 percent think that the first secretary of the Socialist Party will be a candidate and 35 percent feel that he will not. Finally, 38 percent--as against 33 percent--considered convincing the message issued from Conflans-Sainte-Honorine by Michel Rocard. [Text] [Paris LE MATIN in French 21 Oct 80 p 4]

5058

CSO: 3100

## OIL RESERVES STATUS REPORTED

Athens EPIKAIRA in Greek 2-8 Oct 80 p 20

[Article by Ap. Strongylis]

[Text] The market is under the shadow of the Iraq-Iran war for the second week. And if for the present one discounts an increased demand for oil for heating purposes, this market does not seem to have been influenced by the hot war in the Middle East, at a time when the fires of the burning oil wells are imparting the greatest dramatic quality so far to the international oil problem.

In comparison to other crises, the market is exhibiting a peacefulness (at least up to now), which is almost surprising. No psychology of stockpiling "canned food" has manifested itself, no cases of minor panics have been observed, and we have not seen any "fever" with respect to the exchange for the "sovereign," which even after its being made "illegal" still manages to be the "lubrication" of the market situation at all times. Certainly gold has shown no upward movement (up to now) on the international level on account of the crisis in the Middle East. And this is contributing to the lack of "movement" on the domestic market.

In any case, the question is what will happen with oil at the moment when the Iran-Iraq war does not simply continue but takes on very dramatic dimensions, resulting in the stoppage at that time of supplies to the West of "black gold" from these two countries.

### The Stoppage

Until last Saturday the government, which had been in contact with the appropriate authorities in Iraq, had not been aware of any intentions as to non-delivery to Greece of the remaining quantities of crude oil which our country was supposed to receive on the basis of the intergovernmental agreement. It is a fact that Baghdad had fulfilled its obligations vis-a-vis Greece on the matter of the gradual delivery of oil, the result being that the greatest part of the 2.25 million tons which were expected for 1980 have been received. But the stoppage as of last Saturday of all shipments of oil to the West and the statement by Baghdad that it was unable any longer to fulfill its obligations to every country is creating a serious problem. According to a government announcement, the reserves of oil which exist in our country are sufficient to meet the needs of domestic consumption up to the end of 1980.



Countries from which Greece is procuring the greatest amounts of oil are, aside from Iraq: Saudi Arabia, with 2.5 million tons; the Soviet Union, with 2 million tons; and Libya, with 1.5 million tons.

Economics circles have been observing that the contingency of a termination of the Iran-Iraq war would hold within limits the damage now occurring and would permit us to have prospects for meeting the oil deficiencies which the war in the Middle East is definitely causing, to the detriment of our country.

#### Restrictions

The opposite case, the same circles added, creates a very serious problem of sufficiency, the facing of which passes over other uncertain routes, such as perhaps that of Mrs Thatcher, who it is said has promised oil from the North Sea to our country in "case of need." But at the same time, such a prospect (that is, continuation of the war) also will certainly lead to restrictions as well as to the further appreciable rise in the price of oil. Already the appropriate services are discussing the requisite restrictions on consumption of liquid fuels, which will take the form of specific measures. And judging by the course of the war, it does not seem that these measures will be long in coming. It is stated that rationing will be imposed on gasoline and on petroleum, while at the same time private cars will be kept off the roads one more day each week. Moreover, a price rise is considered to be unavoidable. These developments will have repercussions not only on consumption but also on the trade balance (in which the deficit will increase because of the greater expenditure for importing fuels), as well as on production and prices for products. And all these things do not involve only the Greek economy. But of course the shadow of petroleum is falling especially heavily on this economy because of its great dependence on the "black gold." Income which is generated by Greek hands is being transported in the form of foreign exchange, worth billions of drachmas, to foreign countries. The expenditure for imports of fuels in the first 7 months of this year came to \$1.86 billion, and this sum will have increased a great deal, under normal conditions, by the end of the year. The current prospects for an increase in fuel prices internationally are adding new dimensions to these magnitudes.

#### The Reserves

The reserves of crude oil which exist at this moment in our country are calculated at 1.2 million tons. In the next few days the State will be receiving quantities totaling 315,000 tons, and after October these will be followed by receipts which will increase the total reserves to 3.3 million tons, which will meet the needs of the country up to January.

A problem is created by the storage areas, not enough of which exist in our country. If they existed, we would have received already also the 800,000 tons which constitute the remainder of the 2.25 million tons of Iraqi oil which now it is not possible to deliver to us because of the war.

For 1981, the authorities are optimistic about meeting our needs (about 9 million tons) from Saudi Arabia with 3 million tons, Libya with 1.5 million, the Soviet Union with 2 million tons, and from other countries, including perhaps also England. Of course, many things will depend on the international situation. But although on the matter of securing this quantity of 9 million tons the authorities express a certain optimism, they do not do the same with respect to prices. Here, the future is gloomy.

12114

CSO: 4908

## ECONOMIST REPORTS ON NEED FOR TRAINED BUSINESS PERSONNEL

Athens O OIKONOMIKOS TAKHYDROMOS in Greek 18 Sep 80 pp 31, 32

[Article by G. D. Vazos, first consultant to the Educational Studies and Training Center (KEPE) of the Ministry of Education]

[Excerpt] One of the fundamental preconditions for modernizing Greek small and medium-sized businesses (SMB) is the qualitative improvement of their labor force. A number of the problems which the SMB face today would perhaps not have appeared to the extent that they have if their labor force, or at least the prominent members of their staffs, had been trained in the technological developments of production, in modern principles of organization and administration, and in the new methods of marketing products.

Although we do not wish to underrate the taxation and financing problems which are being raised constantly by the professional organizations of the small and medium-sized businesses, especially now with our entry into the EEC, we believe that priority ought to be given to the modernization of the SMB and especially to improving and specializing production and adapting it to the needs and tastes of the consumers.

The service life of products is becoming shorter and shorter. Most products are replaced by other ones within a decade. Their competitiveness is decreasing continually and, unless they are improved constantly, what is in store for them is their removal from the marketplace, and in fact not only the home market but also the foreign market. Foreign businessmen are canvassing our markets, but we ourselves are not developing in depth the same activities in the sector of marketing. The home clientele is becoming more and more hard to please, and it is not disposed to purchase just anything of any quality and at any price.

That is, the marketability and competitiveness of the products have direct consequences on the business. The amateurish organizing of the SMB up to now and the protective measures which these have been demanding constantly have restricted them within our national area, and in fact they are almost completely in the dark about the possible repercussions from our entry into the EEC. This last finding was made also within the framework of a study by the Economic and Industrial Research Institute (IOVE) on the present situation of the Greek trade and the expected repercussions from our entry. The text of this study is expected to be published as a part of the series of special studies of the institute.

In this special series of the IOVE, another study came out recently on the probable effects which will be produced for Greek industry by the entry of Greece into the EEC. This study was based on an extensive survey of 43 separate industrial branches, and it constitutes a systematic investigation of the consequences of entry for our industry. This noteworthy research effort by the IOVE ought to be studied by the country's entire industrial community, and its economic community in general, because not only does it give information about basic sectors of the European Community's policy together with a noting of the repercussions for our industry, but also it presents proposals on issues of industrial policy for the purpose of creating the suitable infrastructure required for the development of Greek industry within the Community.

In any case, both in the studies referred to and in older studies by well-known scientists, the basic structural problems of Greek industry are pointed out, among which the low qualitative level of the labor force and the needs for developing vocational training in our country are always mentioned. And when we speak of the labor force of a business, we mean here all the workers in it--that is, from the foreman to the unskilled worker. Of course, in most of the SMB, the foremen happen to be the businessmen themselves and the working members of their own families.

In a comparison it made with other countries, the Executive Committee of the EEC finds that in Greece the category of self-employed businessmen represented in 1971 about 60 percent of the labor force which was working in these businesses, against the 10-20 percent which is observed on the average in the member countries of the OECD. Among these countries, of the countries which are members of the EEC the lowest percentage [sic] appears in two countries (Ireland and Italy), where the percentage is 30 percent. The percentage in our country, which is twice that of these two countries of the Community, is an indication that the size of Greek businesses is the smallest compared to the other countries of the Community, and that this is perhaps the most characteristic problem, which is appearing more frequently in descriptions of the structure of Greek industry. Specifically, those industrial enterprises which employ 1-50 persons per outfit represent 99 percent of the manufacturing outfits, and they employ 63 percent of the labor force in the industrial sector.

Those commercial businesses which employ 1-4 persons represent about 98 percent of the stores, and they employ 97 percent of people working in retail trade.

#### Training of Businessmen

The basic structural problems of the SMB should be handled by young businessmen who are up-to-date and dynamic. By young, we mean here young on the mental level and not young in age. The mental rigidification of the top echelons constitutes the greatest danger for the future of business. When business know-how is limited to obsolete standards and is not brought up to date constantly about developments in technology, the achievements of the scientists and about advances in the modern world, then the business grows obsolete quickly and is likely to gradually disappear because it is no longer productive.

The leading figure who remains ever young--that is, who has the required know-how and skills for rapidly adapting to new successes in the market, and who at the



same time is able to anticipate developments of the future and to make plans with respect to research on the production of new products and on financing and improving the organization of the business--is not "on pins and needles" when various groups try to sow panic among the small and intermediate businesses, but rather confronts its future position in the sector of the Community with confidence and at the same time vigilance.

These businessmen will be the last to attribute the responsibility for any failure on their part to the State government. But the rest are accustomed to attributing all the "misfortunes" in their businesses to pointless and unsympathetic governmental manipulations, and since they constitute the majority, they usually are able to secure governmental interventions. Meanwhile, these figures do not make any effort to keep informed about developments and to get training with respect to the new procedures in business economics and organization.

The situation of the SMB in our country would be different if the top echelons were better educated. Only by long-range and ongoing education can a modern businessman measure up to the new requirements of the Community sector. Education on the secondary, higher, or advanced level is not enough if one is to continue to be considered a successful businessman. What is necessary is continuing training by any means whatsoever, even if it is simply by following the special periodicals and professional newspapers. Of course, it would be demanding for one to keep up with professional directories and special professional books or professional conferences. Unfortunately, such a serious and systematic study is considered by most businessmen to be a luxury, and they regard participation in professional conferences as an outing.

But even if these same businessmen do not interest themselves in their personal training, then one would expect that they are interested in the training and further education of the manpower which they employ. This interest would mean that they recognize their social mission and that they are taking the initiative in assuming responsibilities, especially on the part of our country's industrial community. And at this point it should be mentioned that it is a mistake to expect everything to come from governmental initiative.

#### Public Vocational Training

The State, as is known, has undertaken an educational reform with its two basic laws--Law 309/76 on general education, and Law 506/77 on technical and vocational education. In this sector above all much has been done. The technical and vocational lycea were established with various specialties in seven fields, and the secondary technical and vocational schools were founded which have many courses in 12 departments. New and detailed programs have been worked out, and on the basis of these new schoolbooks have been written for secondary technical-vocational educational system, which in the academic year 1979-1980 had a total attendance of 51,133 pupils. At the same time, 10 Higher Technical and Vocational Education Centers (KATEE) are operating, which were attended in the same year by 17,909 students, who with their modern know-how will be invited to staff the Greek SMB.

The decision of the State to implement this educational reform and to develop especially technical-vocational education presupposed a drastic increase in



public expenditures for education. Thus, the percentage for education of the total public expenditures increased from 9.3 percent in 1972 to 13.9 percent in 1977. Expressed as a percentage of the gross national product, these public expenditures increased from 2.3 percent in 1974 to 3.4 percent in 1977 (text has 1987). Of course, the corresponding percentage for the member countries of the EEC fluctuated around 5.1 percent on the average at the beginning of the 1970 decade. In any case, despite the still large gap separating us from the countries of the Community, there is no doubt that the State has made provisions for an upward trend of public expenditures for training the manpower of the EEC's tenth member.

#### Aid From the European Community Fund

But what is being done on the part of industry, and on the part of the business world generally? What efforts are being made by Greek businesses to educate and train their labor force? What is the planning and the activities of the professional associations and chambers of commerce for dealing with the challenge offered by the enormous market of the EEC member countries and the inducement of the benefits for vocational training coming from the appropriations of the European Community Fund?

Of course, the degree to which the Greek SMB will be able to benefit from the financing of educational and training programs for the labor force on the part of the European Community Fund will depend on the ability of the Greek SMB to shoulder 50 percent of the costs, because the fund's share of the coverage of expenditures for undertaking programs of vocational education is 50 percent. If the Greek SMB do not seek these allocations of the European Community Fund for the education and training of their labor force, then the qualitative level of the people employed in them will remain low, and this will mean that their future will not be guaranteed after our entry. This finding should not surprise anyone, because it is indeed a fact that our country brings up the rear within the EEC in the sector of vocational training. It suffices to point out that the magnitude of the expenditure which "is sacrificed" by the industrial sector for vocational training is still--on the eve of our entry--far removed from that of the other countries of the Community.

As appears also from the below table, our country spends the smallest percentage of industrial labor costs for vocational training of all the member countries of the EEC.

Table: Expenditure for Vocational Training in % of the Industrial Labor Costs

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Germany	1.8
France	3.1
Italy	2.7
Netherlands	3.3
Belgium	1.6
Luxembourg	2.6
United Kingdom	2.2
Denmark	---
Greece	0.3

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Source: IOVE, Greek Industry and the EEC, Athens, 1980, Volume I, Table 87, p 359.

From the above comparison, it is easy to draw the conclusion that there is no longer any room for delays in the activation of industry in the sector of vocational training. In parallel with the public services and organizations such as the O.A.E.D. (Labor Force Employment Organization), E.C.O.M.E.X. (Organization of Private Means of Transportation), the Ministry of Education, Ministry of Social Services, Ministry of Merchant Marine, and others which have already submitted to the European Community Fund documented studies on undertaking programs of vocational training, the chambers of commerce and industry, the occupational organizations, and the trade associations should also become active in this sector.

#### Occupational Demand: The Creation of Vocational Training Centers

From the investigation of the IOVE concerning the study on the consequences to Greek industry from our entry, it follows that among the proposals which have been made for institutional changes and occupational readjustments by the 43 separate industrial branches, special emphasis was placed on the "need to form a joint agency for the training of the technical labor force" as well as the "need to establish technical schools for specialties in this field" (see footnote 1, second volume, page 166).

A similar demand has been expressed also by the country's commercial community. In the recent study by the IOVE on the present situation of the commercial businesses and on the repercussions from our E.E.C. entry, which was done on the initiative of the E.V.E.A. (Athens Chamber of Commerce and Industry), there is a proposal for the improvement and enhancement of the labor force in businesses through trained staff members, and for the creation of special training centers for staff members of commercial businesses under the supervision of the chambers and commercial associations in the country. Thus, the country's industrial and commercial businesses know where their chief structural weaknesses lie, and they ought to know as well the status of S.M.B. in the Community and its agencies as well as their methods of furnishing support and the role of the chambers and professional associations in the member countries of the E.E.C., since a special informational study by the E.V.E.A. has come out on these subjects, which in fact is being offered free.

The pressing need to create training opportunities for businessmen and their staff members and the need to improve the quality of the technical and administrative personnel of the S.M.B. has been pointed out also in a study which was drawn up by scientists at the German Development Institute. This study refers to the problems and the future of Greek small and medium-sized industrial enterprises following our entry into the E.E.C.

This German institute proposes that the training work should be undertaken by the commercial and industrial chambers and by the industrial and commercial associations as concerns the top echelons of the businesses, and for the training of the remaining labor force the responsibility should be entrusted to the large enterprises for the most part. Except that the number of large enterprises is limited in our country, and the study avoids concerning itself with the problem of training the labor force of small enterprises. Of course, a part of this labor force is being trained in the schools of the O.A.E.D., which provide chiefly vocational education and not training of skilled manpower in recent technological developments. In any case, the institute does not neglect to suggest that the

State should undertake the basic vocational education of intermediate staff members in public schools, an effort which is well on the way in our country.

#### Establishment of Technological Institutes

The German institute views the establishment of an institute for industrial standards in our country as being a basic precondition for the application of modern technology and the improvement of the productivity of small and medium-sized businesses. But we should not neglect to mention that a similar proposal was made also by the Technical Chamber of Greece (TEE), whose researchers proposed the creation of technological institutes for different cottage-industry fields.

Some of the chief provinces of these institutes will be not only the evaluation, transfer, and adapting of foreign technology and the studying of problems of standardization, product quality, and standards and regulations, but also the formation of staff members qualified to aid in the development of the particular field. These institutes, in the view of the researchers, are more suitable for Greek conditions, and they meet the needs of the Greek businesses. Even though more than 2 years have passed since the publication of the TEE proposals, it does not seem that these have met with an unconditional response within the responsible agencies. In any case, the hastening of the opening of the Greek Technology Center, which was formed by the Presidential Decree of 21 January 1980, would constitute a positive step towards settling this serious issue.

12114

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## STATUS ON NESTOS RIVER ISSUE WITH BULGARIA

Athens EPIKAIRA in Greek 2-8 Oct 80 p 21

[Article by G. Katsonis]

[Text] Three weeks from now, President of the Republic K. Karamanlis will repay the visit of Zhivkov, giving yet another impetus to that Balkan cooperation which he himself initiated following the change in government. And on this occasion the problem--which has been somewhat confused up to now--of the waters of the Nestos River will come up for discussion again in some way or other.

Up to today, "multinational" (or international) streams have been of concern to public opinion only when they were flooding and destroying villages and crops. Recently, the problem of pollution has cropped up. The question of who is dirtying the waters and to whom is the pollution transported subsequently. But with the Nestos, neither the one nor the other is happening. The issue which has emerged is whether and when the Bulgarians will cut off the flow towards Greece of this water.

Their desire--and their plan--is to create a large reversal dam in advance of the Greek-Bulgarian borders and to divert the largest bulk of the water, especially in the summer months, towards eastern Bulgaria, which is drier--with what is left over finally ending up in the Evros River.

At the same time, the Greek side has planned on an important hydroelectric project at the Thisavros site, where the construction of a dam is also provided for. And if Bulgaria obstructs the normal flow of these waters, this project is not fitting. Either it cannot be built, or it will be built to no purpose or effect. And in a time of an energy crisis and the need to fully use all domestic sources of energy, such a failure is by no means insignificant.

In an earlier meeting, Karamanlis as premier had put it clearly to Zhivkov: What can we do with the waters of the Nestos?

"We will share these in a fraternal way," his interlocutor had answered at that time, when there was a climate of friendly euphoria.

And the issue was taken up later by the experts. Committees came from there, missions were sent from here, but it is doubtful to what extent the solution to this problem has taken shape. This fraternal sharing and its essential course had not been cleared up by the time these lines were being written.



In his 24-hour trip 2 weeks ago to the Bulgarian capital, it seems that Minister of Foreign Affairs K. Mitsotakis also touched on this subject in the course of his preparations for the visit of Karamanlis. And nowadays yet another mission of Greek experts is there in order to find out whether there are plans, and how advanced they are, for irrigating the south-east provinces of Bulgaria with the waters of the Nestos.

Because the problem is not whether the Bulgarian will take the waters of the river. The issue is when they will take them. The meaning of fraternal sharing, as they see it, is for each country to have use of its own headwaters. They say that Bulgaria is entitled to all the headwaters and tributaries the Nestos has above the borders. Greece is entitled to all those which are below the borders.

But this is not sharing, but rather something which ignores the fact that for ages and ages all these headwaters--above and below the borders--have been conveying what they contain to Greece. The Greek response is: How are we supposed to ignore this? Things should at least be left as they are for a sufficient period of years, so that the planned electric-power station of Thisavros can operate and be paid off.

It seems that the solution is being devised in that direction. The Greek proposal speaks about a time allowance of 25 years. The Bulgarians believe that with the increasing energy prices, the amortization of the hydroelectric project can be done in about half this time. Perhaps the agreement will be struck at a point somewhere between these two views. Except that it does not seem that it will have taken shape by the 22nd of the month, when the Greek president will be in Sofia.

After the interim period which will be agreed on, the Nestos will no longer be anything but a purely Greek, and not an international river. It will be fed only by Greek headwaters and tributaries and will have a much smaller water delivery. Without of course the capacity for supporting a hydroelectric station. Its decreased waters will then be used in turn for supplying water to towns and villages, for industrial use, and for irrigation. The Thisavros dam, it seems, will not be useless even then.

12114

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**PRESIDENT Of IASM INTERVIEWED ON U.S. TRIP**

Bari LA GAZZETTA DEL MEZZOGIORNO in Italian 14 Oct 80 pp 1, 18

[Interview with IASM President Nino Novacco, conducted en route from San Francisco to Italy by Pietro Marino, date not given]

[Text]     What was the point of this mission? America got an explanation about the EEC's south door.

Mission Mezzogiorno to the United States is accomplished. On the long flight that brought us home to Italy, I asked Nino Novacco, who headed the delegation, to give us his first thoughts about a very busy week of meetings in Washington, New York, Los Angeles, and San Francisco. Novacco, 53, and a Sicilian, is the president of IASM, the Institute for Southland Aid and Development, which sponsored this trip to the United States with an eye to increasing American participation in the Mezzogiorno's development programs.

[Question]   What do Americans think of the Italian Southland? What is their notion of the Mezzogiorno?

[Answer]   Let's say that in general Americans like Italy, but that there is widespread misconception that fuels some stubborn prejudices. People asked us, with great concern, whether it was true that the communists are about to take over. Americans cannot understand how a country with as many government crises as we have had can still be politically stable. Some of them were absolutely astounded to learn that there are actually universities and scientific organizations in the south. And we were also taxed, for example, with our high rate of absenteeism.

[Question]   What did you do to straighten out that image?

[Answer]   First of all, we got confirmation for our feeling that nowadays no serious or meaningful public relations program can be mounted abroad without stable structures equipped to provide sound information on a regular basis. This is why we opened the two "Mezzogiorno Offices," one in New York and one in Los Angeles. They will be invaluable centers for reference and coordination.

[Question] In all your conversations over these past several days, though: what, exactly, did you accomplish by way of clearing up misapprehensions?

[Answer] Some of the uncertainties were readily put to rest. One example: the "Italian mystery" that allows one government crisis after another without the slightest disturbance in our relations with the United States. As for the rest, let's not forget that the people we were talking to were businessmen, industrialists, people responsible for corporate policy. So we stressed practical matters. We reminded them that there are already 105 companies in the south that are partly American-owned, that they employ 37,000 people, and that the investment they represent comes to \$2.4 billion. We got some of those already active in the south to talk to the others, and all of them said that they were pleased with their experience here. We presented exhaustive documentary evidence on all Italy's special legislation designed to help the south, and that aimed at helping sectors most fertile for investment and participation.

[Question] Why, though, should Americans be interested in bringing money and technologies into Italy?

[Answer] The rules haven't changed: sound business. If there is a deal to be made, meaning a profit, the American businessman will get there ahead of anybody else. And so we have to prove that investing in Italy is a sound business proposition, with profits to be made.

[Question] Actually, the multinationals found that out a long time ago.

[Answer] Yes, they did. We reminded these people of how many of them and which ones were already operating in Italy. The new and interesting thing about this particular mission, though, was that we opened up dialogue -- not with the big corporations, but with the small and medium ones (those with 50 to 500 employees, roughly speaking). These, in America as well as in Italy, are the ones that make up the new cutting edge of the economy. Everywhere we went there was a great deal of respectful interest in what one medium-sized Californian company, TransTelecommunications, had to say: they opened a plant in Cosenza, and made a splendid profit there after only a single year.

[Question] That may be a special case, though. Didn't they ask for some sort of general guarantees?

[Answer] American businessmen don't ask for the world on a silver platter. What they mainly look for is fast, reliable decisions: in the amount and form of incentives and exemptions, in the handling of bureaucratic red tape.

[Question] Are we in a position to promise them this "sure" and "right away?"

[Answer] Unfortunately the Italian system is out of step with the international cadence. We have to streamline and speed up things, work out flexible patterns for providing answers. We in IASM, for example, are thinking in terms of some kind of leasing procedure to fill the gap until structures are available; or about designing standard installations which would in turn standardize administrative procedures, and that sort of thing.

[Question] Dr Novacco, do you really think it is a good idea for the south to open its arms to the Americans? Mightn't that be a repetition of the Japanese story, with Alfa Nissan?

[Answer] It will be good for the south to welcome all foreign enterprise that will contribute in a non-colonial way to our economic development. We belong to the European Common Market and are thus part of an international trade system. Furthermore, we are not asking the Americans for money: what we are doing is to tell them about profitable investments, about forms of collaboration, about technology input that will be advantageous to both of us. This interests them as well as us because they have grasped the idea that there is not only a north door to Europe, but a south door as well. A lot of them, in fact, are looking at Spain. We have to make our move before it is too late. We explained to the Americans, among other things, that the door that opens onto the entire Mediterranean area is precisely our Mezzogiorno. This is not, of course, a one-way dialogue. There are other people to talk to: the Japanese, for example, I am certain, will find it to their advantage to move in in force.

[Question] Are we going to have to explain these things to the southern regions as well?

[Answer] Certainly. A lot will depend on them. We are making our move late, but not too late. The southern system is grown up now, it has experience, capacity, resources. The main thing is for us to present a united front to all foreign inquiries, not to divide our strength, and to speak with authority.

[Question] Could you say that the mission to the United States has encouraged that sort of unity?

[Answer] Members of our mission represented the [Southland] Fund, the partially state-owned companies, and Confindustria. We had power of attorney and pledges from the Industrial Participations and Management Company (GEPI). [Southland Development] Minister Nicola Capria, who could not join us because of the crisis, sent a message of policy guarantee. This is the road we must continue to follow.

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ORGANIZED LABOR INCHES TOWARD UNITY

CGIL Secretary Interviewed

Rome RASSEGNA SINDACALE in Italian 16 Oct 80 pp 11-14

[Conversation between Valentino Zuccherini, CGIL Secretary, and his assistant, Rinaldo Scheda of the organizing office, reported by Francesco Cuozzo, place and date not given]

[Text] Democracy in organized labor. Let's not be scared to criticize ourselves. Worker input into decision-making, summit-itis, bureaucracy, and labor unity are only a few of the issues on which there has for some time been lively debate inside and outside the ranks of organized labor. With this first interview, we open a combined inquiry and debate.

"At the end of the Sixties and in the early Seventies, participatory and rank-and-file democracy in this country underwent what can only be described as an explosion. We amassed valuable experience in the neighborhoods, in the plant councils, in the districts, and in the labor movement as a whole. Yet somehow all that momentum has ground to a halt, and is now on the decline."

That was the start of a long conversation about democracy in organized labor between Valentino Zuccherini, secretary-general of the Italian General Confederation of Labor (CGIL) and Rinaldo Scheda, who shares with Zuccherini responsibility for the CGIL's organizing office.

Rinaldo Scheda: Don't you feel that this blackout in participatory democracy has come about because people were disappointed, tired, or just plain discouraged?

Zuccherini: I think that's exactly it, and part of it happened because nothing concrete came of all their expectations. And this weariness has come precisely at the economic, political, and social juncture in which we have greatest need of participation, and hence of democracy.

R.S.: Democracy, in your view, then, means essentially getting the greatest possible number of people involved in the decision-making process?

Zuccherini: That's not all of it. As I see it, there is a built-in flaw in every great mass organization, including organized labor. This flaw, this shortcoming, lies in the leadership's accounting phase.

R.S.: Excuse me, but could you be more specific?

Zuccherini: It isn't enough to make people -- the workers, the citizens -- participate in the decision-making process: they have to have a voice in the structuring of the decisions and in their implementation. And it is incumbent on the leadership groups, who have the greater responsibility for management, to render an accounting regularly on what has been done or left undone, rightly or wrongly.

R.S.: Isn't democracy partly the responsibility of the individual, though, for keeping tabs on himself?

Zuccherini: It is by assuming personal responsibility that people learn, in the discussion and understanding of the real issues, to choose one thing rather than another, come to understand the need for gradual change, and learn to recognize the wishful-thinking factor in the sum total of their desires and needs.

R.S.: But is there an awareness of this self-control in organized labor as a whole?

Zuccherini: Not fully, witness the fact that it has given rise to selfish pressures and even the decline of active democracy in all the big mass organization, and hence within organized labor as well.

R.S.: Is there a desire within the CGIL to change the pattern of belonging to the organization?

Zuccherini: I have noticed over the past few years, while we were doing our best to change our organizational patterns, some indications of a "me-first" attitude which I consider very harmful. This is a fact of human nature, but it becomes dangerous when it threatens to twist the structure of the union, not toward the policies it has decided to pursue, but rather to cling to old inheritances, including the current powers of the leadership groups, just as they have been apportioned for decades. From this stems a breach that separates the union from the middle cadre people and both of them from the average worker, which is part and parcel of a patient but practical campaign which has all the earmarks of a political struggle directed straight at us.

#### Summit-itis and the Co-optation Ploy

R.S.: There are certainly a lot of people who would agree with everything you have been saying to me, but the words may have a hollow ring to some ears. Let's take, for example, the makeup of the leadership: it comes about through a process of co-optation based on a concept of the organization as centralist and summit-oriented. What can be done, practically speaking, to get away from that sort of approach?

Zuccherini: I certainly don't think that everybody is going to agree with everything I have said to you! We have certainly made a whole lot of mistakes over these past few years, but at the same time we have tried hard to get rid of that centralist, summit-oriented model, and we are beginning to see some results. I should like one thing to be made clear, though: victory in this innovative battle will depend on the determination and support of everybody to take a close look at himself and straighten up, to shake off any vestige of the "me-first" attitude.

R.S.: What about co-optation?

Zuccherini: The middle-management policy has unquestionably had some flies on it. But, especially in recent years the choice and "promotion" of leaders has met the criterion of training a cadre to be more than a backer of the line, but rather to pick people who will make themselves a part, a critical, outspoken part, of the line and identify with it. There are, however, still symptoms of summit-itis and centralism that must be fought hard and stamped out.

R.S.: Fine. But how?

Zuccherini: The CGIL is a united organization embracing political forces with disparate cultural backgrounds and different ideals. One of the most essential tasks of the comrades who run the organization is first to find and then to keep going back to a point where democracy and unity meet. Furthermore, the introduction of the secret ballot is an antidote -- perhaps not infallible yet -- but one that will serve first to attenuate and eventually to eliminate the twin phenomena of centralism and summit-itis. It will take time, determination, tenacity, and an across-the-board effort to make sure that the leadership is increasingly chosen more directly by the workers.

#### Union Bureaucracy Since Montesilvano

R.S.: You mean, then, that the secret ballot plus the will to unity and democracy will be among the key factors in breaking away from what is called a special "pattern of political leadership." Doesn't it seem to you, though, that summit-itis and centralism simply beget more of the same? Just look at what happened after Montesilvano, with the united effort to implement an organizational reform and a political renewal of organized labor: the bureaucratic layer of officials rose sharply, to the point where it even cut down on efficiency.

Zuccherini: The thrust toward unity and democracy is not a concession made by one side to another; it must become a daily reinforced mindset to guarantee the CGIL's "roots in unity," which, I hope many will agree, is a historic and political given of inestimable value. The original idea behind organizational reform was and still is the idea of bringing about a sweeping process of democratic decentralization. We have done this wherever we could. We have tried not so much to increase the numbers of our cadres as to decentralize them from the top to the bottom. As I already said, we have not been invariably successful because of that "me-first" attitude prevailing in some quarters



of the leadership. Shaping a new model for organization, which has now been universally recognized as the way to implement our policies, has spurred sizable groups of cadres to reaction. Reforms are always uncomfortable, and sometimes we tend to get around them by creating surrogates and thereby swelling the bureaucracy.

R.S.: Do you think the critics who say that organized labor has become a bureaucracy are right?

Zuccherini: Let's not fall into the trap of indiscriminate generalizations just to be in style. Italy's labor unions are still one of those mass organizations where -- albeit with a lot of stormy weather -- a very intense democratic life still thrives. We seek, with our criticism, to strive for something better, not to destroy what we have. To make changes and set errors right -- yes: that we should do. But be that as it may, there are some elements of addiction to bureaucracy that are downright alarming: the drop in political voltage -- but we see that in civil life as well -- which once made the leaders of organized labor an example for all -- is long gone and perhaps will never come again. Dedication to the job, like dedication to the working class, is wearing a little thin here and there these days but -- I repeat -- times are changing and we must not live on our memories -- woe betide anyone who says so! But equal woe betide us if we do not scrap a tradition that would genetically change organized labor. One thing we must strive to prevent with every ounce of our strength is letting the vocation of union organizer degenerate into just another job. If that happens, we should no longer be worrying about bureaucracy: we should be perilously close to cynicism and scepticism.

#### The Union Organizer's 'Trade'

R.S.: Do you really think we have reached the point where the organizer's calling is just another job?

Zuccherini: It has happened in places, partly because of our own mistakes and lack of attention. An organizer must still get his baptism of fire in experience and pass muster with the workers, who are not invariably fair or generous. The first thing an organizer must go after is the good opinion of the workers. Even though he may be challenged on the ground of his political ideas, he must never lay himself open to challenge on the ground of his behavior as a union man. Often a man can win esteem and confidence through a direct rapport with the workers, one of sincerity, of honesty, and sometimes one of really distasteful crudeness. When the union leader shuts himself up in an ivory tower and portificates, he is in danger of admiring himself so much as to look down on people and scorn the opinions they express.

R.S.: What antidote would you propose? Can't we just rely on the respect and esteem of the workers, which after all we have to have?

Zuccherini: I am convinced that staffs must have a ceiling in numbers that cannot be exceeded, because everywhere in the world, and we are no exception, staffs tend to perpetuate themselves. We also need more



frequent reassignments among leadership groups, but without breaking them up or letting their experience go unexploited.

R.S.: Is that all?

Zuccherini: I believe that a good remedy would be to provide incentives and pay a lot more attention to volunteer workers. It is always harder to ask for it, because a man needs more than his work in the plant, in the office, and in the union. Through volunteer union organizers the worker-organizer is in contact with the other workers, and this is a strong guarantee against bureaucratization in policies and in leaders.

R.S.: How, then, do you explain the fact that broad experience in the plant councils show us that even those bodies are not proof against this virus?

Zuccherini: Bureaucratization in the shop councils starts wherever the workers do not speak out in criticism of their delegates. The shop or plant council organization fails when there is a lack of worker presence and participation, all the more necessary when there are tough problems to be faced and delicate policies to adopt and implement. Then there are other reasons: the very real difficulties, there is ineptitude, an unwillingness to give delegates and councils responsibility for "foreign" policies, territorial policy, which is precisely where social issues hide and feed upon themselves until they explode into open conflict because it is so hard to organize a more human way of living together in society.

R.S.: Could you give us an example of a new way to be a union leader?

Zuccherini: Let's take the issue of health care, toward which the labor movement as a whole is fairly indifferent. Why, in each region, do we not keep constant tabs on the progress or lack of progress in reform? Information like this can be got on the schools, on public transport, and so on, matters on which we have made a lot of fine speeches and a lot of splendid commitments; maybe, though, we just haven't fought hard enough, have relied too heavily on ability of those who were supposed to implement them to get the job done. The workers are unhappy not only because their purchasing power has been eaten away, but also because the quality of life has deteriorated, particularly in the inner cities and in the metropolitan areas.

R.S.: How do you interpret the fact that organized labor has succeeded in getting reform legislation passed, but that it is hard to get it applied or enforced?

Zuccherini: Partly, it means that organized labor skips around the issues and skims over the surface of the problems, but never faces them squarely or follows through on them. Labor has its own overall strategy for change, but there are a lot of uncommitted people in the union organization and among its cadres, who are not really involved with the issues of housing, schools, and municipal services which, if they are not settled, can give us a whole lot of headaches. Right here, as I see it, in its failure to face up to these issues, organized

labor has fallen down on its job. And on top of that there has been the proliferation of bureaucracy, in the sense of growing indifference -- relative indifference, of course -- to those very real needs, and never mind that we have decided to fight for them.

#### Organic Unity, 10 Years Later

R.S.: Zingarelli's dictionary tells us that unity is "the quality or condition of that which is one, indivisible, and as such complete in itself." Do you think that organized labor unity might one day start moving in that direction? Ten years after the fact, just what does "organic unity" mean to you?

Zuccherini: I am not looking at Zingarelli's definition of unity. Unity in organized labor may turn out to be a coming together between the workers and various structures on grounds of tradition, of ideas, or even perhaps of immediate, direct interests, of culture and inspiration that have grown up in the course of decades. And so organic unity is not something I see as a recasting we can get around to after everybody has got it made, but rather as a constant drawing together and unification of existing and nascent situations, to be handled with fairness, with open and thoughtful minds, never underestimating the fact that "diversity" is not an attribute confined solely to the leadership, but is rather a given among workers themselves, one that is taken as such and respected, patiently and steadily reconciling conflicting rights and thus making sure of the organic coexistence, organized and structurally viable, of all this diversity under a single roof.

R.S.: At what point would you think it proper to return to some careful reflection about labor unity so as to make it an issue again for the decade we face?

Zuccherini: There are a lot of points, two of which seem to me to be obvious. First: the nature of union policies, so as to grasp the kinds and numbers of agreements and differences in views on issues to be developed and problems to be solved which do not require or fore-shadow social or political models or patterns, but which at the same time are not indifferent or neutral toward the existing social and economic pattern. The second: working from our knowledge of the facts, we ought to redefine those policies and on that basis, with dignity and forcefulness, play the trump card of /autonomy/ as to interpretation, and as to the expression of intent, as a cohesive body of labor initiative and struggles. The existence of a strict strategy will force organized labor to demand and protect its autonomy as the ineluctable role for the advancement of a society both heterogeneous and pluralistic in its interests, in its immediate goals, and in its more long-term, final aims. Lack of a strategy, or inconsistency in implementing one, contributes to forcing organized labor into the forms of other people's visions, into going along with processes started by others, and into surrendering to the call of the wild.

R.S.: What mistakes did organized labor make, what snares of misunderstanding did it fall into, on the road to unity?

Zuccherini: Some answers you might find in the replies I gave you earlier. Misunderstandings and mistakes? Oh, yes! The illusion of a swift triumphal march, the illusion of unity by bits and pieces, the illusion of unity with those who are for it, and so on. The factors that played preeminent roles were diversity of interests and of non-tactical objectives, outside political pressures, the various patterns of evolution/involution of the various "political cadres," the incredible terror triggered on all sides by the idea of labor unity on the right and on the left, and hence the industrious labors of a lot of moles and shrews, the never-dying dreams of hegemony -- quantitative or pseudo-cultural -- within the organizations. We might also add, and understand, the quite human cowardice of the leadership (at all levels) in its refusal to face up to the greatest political challenge ever offered to Italy in the past 30 years. The political struggle that stemmed from that was not up to the loftiness of the goal, nor was it fought with the requisite daring and passion. Some things may be fated to fail; but the complexity and virulence of the social issues and the increasing delicacy of the questions of the viability of democracy in Italy have neither cancelled out nor diminished the need for labor unity. Quite the contrary.

R.S.: What do you think of the referendum suggestion backed by the Italian Union of Labor (UIL)?

Zuccherini: Theoretically, nobody can be against a referendum. If it were misused, though, it would be of no help, in the end, to the growth of democracy, because these issues cannot be answered with a simple "yes" or "no."

R.S.: We live in a time of deep political division among the Italian left, and of recent days the split has become even more evident. What can organized labor do to prevent any widening of the rift?

Zuccherini: I feel concern, sorrow, and anger as I watch the spread of division among the left which gives rise to a steady weakening of the forces for reform. In my view, the CGIL can be blamed for this split in leftist ranks, but we must strive among ourselves and with others to make sure that this does not become an irreversible trend. This weakening of unity relations among the political left-- which I trust will be a transitory phenomenon -- must not be followed by a rift in labor's left, of which the CGIL is a part. I am convinced that the labor movement as a whole, but particularly the CGIL, in formulating plans and platforms for reform or tending toward reform, which, if they are to come to fruition will need both organized labor's mettle and the support of all the nation's progressive forces, will induce the leftist forces to do some hard thinking about the kind of commitment organized labor is asking them for, and consequently about the nature of useful and necessary relations between them.



CGIL-CISL-UIL Communiqué

Rome L'UNITA in Italian 17 Oct 80 p 16

[Text] CGIL-CISL-UIL joint secretariat underscores strengths and weaknesses of the accord.

The Joint Labor Secretariat yesterday issued the following communiqué:

"FIAT workers' assemblies discussed approval of the proposed peace pact in an atmosphere of tension and, in some cases, amid a smear campaign mounted by a very small minority among them. The vote on the proposal was negative in the Turin FIAT plants, but favorable in plants in other regions. The combined Federation secretariat will meet tomorrow morning with Metalworkers' representatives to make an overall assessment of the plant-workers' vote which, in every plant where there was balloting, was for the most part favorable to the proposed agreement. The Federation secretariat deplores the episodes of bigotry and violence which are indicative of a split in workers' ranks and of a denial of the rights of free men in a democracy. What should be emphasized, on the contrary, is the importance and the political significance of worker attention to the debate -- where it went off without interference -- as well as the fact that certainly deserves some serious thought, of the opposing votes cast by some of the workers involved in the fight. This was what brought a really fundamental problem to light, and laid it squarely in front of organized labor.

"The crisis in industry and the planned restructuring of industry are pushing the companies to strive for conditions that will give employers the final say in employment and working conditions, with an attack on organized labor that specifically includes the threat of layoffs. The crisis, though, also highlights the need to reorganize the production system and raises problems of employment that must be faced and solved under the watchful eye of organized labor. This means that we are looking at a labor-management conflict, in which organized labor as a whole must thwart the employers' attack, but must also come up, according to the workers' demands and feelings, with a solution to the real problem of corporate reorganization. New issues are being raised: how to conduct this struggle in the face of the integration fund and of mobility under the pressure of the employers' assault. These are the thorny issues that lay at the core of the FIAT strike and the debate in the workers' assemblies.

"The Federation secretariat, as it has done in person in the workers' assemblies, underscores the advantages as well as the limitations of the assumption of an agreement with FIAT, which is at the heart of this entire issue. The secretariat is aware that the agreement constitutes a mandatory and difficult transition, yet the idea reflects the real balance of power at this time: it guarantees jobs and banishes the threat of layoffs, thereby marking a major advance, but along with it remains the fact that FIAT has rejected the demand for rotating the income supplement fund.



"It is a settlement which, on the whole, and also in view of the re-opening of negotiations on the plant issues, can afford new opportunities for union action on that same matter and on the worker-management program. But the condition for this is unity among the workers, the delegates, and the councils. Essential to it is the solid, single link between the workers most directly involved in this struggle and the workers as a whole. e

"We must publicize the program opposing organized labor and dividing the workers that is embodied in the manifesto issued by the middle management cadres in Turin but, at the same time, out of that denunciation must arise a movement toward dialogue and a new kind of communication among workers, office staff, and bosses. Any spreading and hardening split among the workers, even in the view of many, many workers would certainly be a far more important gain for the employers than are the drawbacks in the suggested agreement.

"Sober thinking among the workers on this issue of unity among workers, engineers, and office staff and of communication and dialogue between the various levels of job responsibility emerges today as a vital and most timely question. These issues are proposed by the Federation Secretariat as matters for the attention and discussion of workers in and outside of FIAT as the plant assemblies wind up their deliberations.

"Once again, the union seeks to settle the difficulties of the moment in a fully democratic relationship between the union organization and the workers, one on the basis of which there will be full exercise of the rights of freedom and democracy, even in the formal rules that must govern the workers assemblies and the affirmation of the role of delegates and councils as essential structures in united house of organized labor."

6182  
CSO: 3104

## EEC GRANTS 20 BILLION LIRE TO CAMPANIA REGION

Naples IL MATTINO in Italian 15 Oct 80 p 4

[Article by Gianni Festa]

[Text] Aid for infrastructures and industrial initiative.  
Grant for Campania comes from EEC's Regional Fund.  
Recipient companies:

Caserta Province: Trafindustria (Marcianise); Wood Working (Marcianise); Angelo Delle Volpe & Co. (Teverola); Erpes (Mignano Montelungo); Tornital (Aliano); Nova Tecno (Mignano Montelungo); Gryogas Sud (Marcianise); Retman Sud (San Marco).

Naples Province: OCET (Giugliano); SILTI (Giugliano); Calderini (Mugnano di Napoli).

Salerno Province: Milite (Cava dei Tirreni); Inf. Ar. (Battipaglia); Ceramiche Erre (Cava dei Tirreni); Latercap (Campagna).

Benevento Province: Siderurgia Caudina (Molano).

Avellino Province: Derma Concerta (Solofra); Poligrafia Ruggiero (Pinodardine d'Avellino); Cal.Bi. (Torelli di Mercogliano).

Naples -- The executive committee of the European Community has approved grants from the European Regional Development Fund, including a total of 20.121 billion lire for Campania.

The grants consist of 20 investments in construction or expansion of plants (4.134 billion), and in infrastructures (15.987 billion). Most of the infrastructure grants are earmarked for improvements in water supply, sewer systems, and water treatment plants.

Grants to industry are confined to Caserta, Naples, Salerno, Benevento, and Avellino provinces, and will provide a shot in the arm to the companies shown in the box above.

Infrastructure grants will go to the water treatment plants at Punta Gradella, Sorrento, Meta, Sant'Agnello, Piano di Sorrento, and Vico Equense.

Another 10.787 billion lire will be invested in water supplies and sewer systems (underseas waste outlets, aqueducts, storm sewers, and water treatment plants) for the communes of San Felice a Cancelli, Capri, Casalnuovo, Casoria, Afragola, Ercolano, Portici, San Giorgio a Cremano, Giugliano, Pozzuoli, Amalfi, and Atrani.

Meanwhile, to cope with the wine market crisis, Roberto Costanzo introduced a resolution in the European Parliament which calls for loans at low interest for wine storage; initial loans for a period in excess of 9 months, for needed construction and modernization of storage and ageing facilities, and processing and distribution of products from agricultural producers' associations, standardization of tax law structures throughout the EEC, and a crackdown on product adulteration by community agencies to cover not only community products but those imported into the community as well.

The measure will concern primarily those rural areas which have long been wine producers and which have recently had to deal with an invasion of wines from foreign countries.

Mr Costanzo called on the European Commission to draft a regulation which would allow a third phase for distillation of table wines and would extend the ban on adding sugar to the entire Community by the end of 1985.

The proposal was described and explained by Costanzo himself at a meeting with the proprietors of the associated vineyards in this region.

6182

CSO: 3104

## POPULATION TRENDS, LABOR FORCE OUTLOOK FOR 1980-1994

Rome POLITICA ED ECONOMIA in Italian Sep 80 pp 58-60

[Article by Antonella Pinelli: "Demographic Trends and Labor Potential, 1980-1994"]

[Text] In the last 30 years, the Italian population has grown by about 10 million people. An increase of this order is certainly not without economic consequences, yet it is a modest increase relative to that in other European countries. (The present article is a synthesis of a longer report by the author for the "Manpower Report" of Isfol-Censis [Center for the Study of Social Investment].) A growth rate of 0.6-0.7 percent a year is in fact among the lowest in the developed countries, as is the population growth rate.

In recent years, the rate of population growth has decreased, and we are now not far from zero population growth. It will stabilize the size and distribution of the population and is widely hoped for; it would facilitate enormously the work of economic and social planning.

This result conceals the compensation that has taken place in various regional situations. Up to 1971, population growth was greater in the center and north than in the south; from 1971 on, the opposite is true. This is due to the contrasting action of the two elements of population growth, i.e. natural growth, which is due to the difference between natality and mortality, and migration, which is the difference in number between immigrants and emigrants.

In compensation for a low natural increment, the center-north area had heavy immigration, while the south's high natural growth was moderated by high emigration. In recent years, the continued diminution of migratory movements has brought the center-north's and south's population growth rates down to levels closer to that of the natural increment, which explains why population is now increasing more rapidly in the south than the north. Also, the population structure by sex and age is changing. Demographic aging, which is the consequence of the century-long decline in birth rates, has increased in recent years, which diminishes the percentages of youth and young adults and increases, on the other hand, the proportion of older people.

Obviously, this process is more advanced in the center-north, where birth rates have been declining for a longer time, than in the south. It is more accentuated in the female population, which has lower mortality, than in the male population, which has higher mortality. The result is that the working-age population, which was 67.7



percent of the Italian population and was 49.2 percent men and 50.8 percent women, constituted 65.2 percent of the population at the end of 1978, with the same sex ratio. These modifications are not yet very important, but they do show the relative decrease in the working-age population, which is still 50.7 percent female, and the increase in the older population, where there is an even higher proportion of women.

To give a rough estimate of the impact on the labor market that the changes in age distribution may have, we can compare the number of people in the 14-19 year-old age group with that in the 60-64 age group, i.e. those who are entering and leaving the working-age population; we may thus construct a demographic indicator of the turnover in the work force. The ratio was 2.1 in 1961; it fell to 1.6 in 1971. That is due to the influx into the work force of the relatively small generation born in the first half of the 1950's following the post-war recovery of the birth rate. The ratio rose to 2.1 again at the end of 1978, this time due to the influx into the work force of the larger generation born in the economic boom years. This is a prime example of how young people's difficulties in finding jobs in recent years, which have been caused by the economic crisis, are aggravated by a particularly unfavorable demographic structure caused in its turn by variations in the number of births.

If we synthesize recent demographic trends, those most likely to have repercussions on the labor market in terms of potential labor supply are mainly linked to variations in birth rate, migratory patterns, and the progressive aging of the population. The large generations born in the economic boom years are coming of working age. This will cause problems for some years because it will slow down the natural turnover in the working population. These generations will then be followed by ever smaller ones: those born at the end of the 1970's will come of working age in the mid-1990's, which means that things will change in the next 15 years. Today's young people are disadvantaged for demographic reasons, but those who come into the work force in succeeding years will have a better situation.

In the next decade and a half, for those who are interested, the change in the future birth rate is not very relevant, because up to 1994 only one generation will enter the work force whose size is not known, the one that is being born in 1980. Our evaluation of the effects demographic changes may have on the labor market, from this standpoint, will thus be based on events that have already been recorded and verified. Similarly, it is possible to foresee the consequences of demographic aging by estimating the size of the older population in the coming years. However, there is a big unknown factor in the future patterns of migratory movements. It is hard to say whether their slowing and recent reversal will last or whether there is some possibility that emigration will resume; however, the international economic situation does not seem to favor a recurrence of migration.

It is also necessary to mention a new and apparently strange phenomenon that has emerged in Italy in recent years and that may have major consequences in the future for the labor market: the immigration, especially clandestine immigration, of foreign workers from Africa, Greece, Yugoslavia, and other countries. These are laborers willing to take jobs that Italian workers don't want or to take part-time or menial jobs that Italian workers tend to avoid. It is impossible to predict what impact this new development will have. A new margin of uncertainty is thus added to estimates of the labor force that will be available in Italy in the coming years.

To estimate potential labor supply, we shall analyze the distribution and composition of the population resulting from demographic projections. These projections are generally based on various hypotheses concerning the future evolution of the different demographic components applied to the population by sex and age. We use ISTAT [Central Statistics Institute] projections for calendar years, sex, and age classes at the national level (ISTAT, "Supplemento al bollettino mensile di statistica," No 12, 1978). The projections are based on the four following alternate hypotheses: (1) a high birth rate and decreasing migration, (2) a low birth rate and decreasing migration, (3) a high birth rate and no migration, (4) a low birth rate and no migration. Mortality is assumed to be constant and equal to that of 1970-72, except that a further lowering of the mortality rate for age 0-1 is assumed. On the basis of what has emerged from the analysis of the most recent demographic trends, we have decided to use the results relative to the 4th hypothesis, with modifications.

ISTAT's projections take 1976 as the last year observed for birth rate statistics and hypothesize successive decreases in natality less intense than those that have actually taken place. As we have the data for natality in 1977 and 1978 and for January through October 1979, we have modified the projections for those years by substituting the observed for the projected data and estimating the data for the rest of 1979 and for 1980, supposing the low level of natality in the first 10 months of 1979 to remain constant. That way, the estimate of the work force through 1994 can be considered exact enough, at least for the natural increment. As ISTAT's projections stop at 31 December 1990, we have carried them out to the end of 1994, using the same criteria of elimination as ISTAT (decreasing infantile mortality, mortality of the successive age groups equal to that shown in the 1970-72 mortality tables).

We have also limited our analysis to the demographic groups affected by the labor market, i.e. to the population 14 years old and older. This fits the scope of the study and allows us to avoid forecasts of birth rate trends after 1980. To include in the analysis generations born after that date would satisfy our curiosity concerning the future size of the population, but it would leave an indefinable margin for error and would be of no use in predicting the potential labor supply because, as we have said, these generations will enter the work force only at the end of the observation period we are interested in. In the projections for the next 15 years, the demographic group in the work force, i.e. the population aged 14-64, will show some interesting changes: it will increase sharply through 1983, when the rate of increase will be 11 per 1,000; it will increase thereafter at an ever lower rate until it begins to drop from 1990 on. This is the effect of the entry into the work force of the large generations born in the economic boom and of the succeeding, increasingly smaller generations (see table 1 [next page]).

Increasing numbers of people will be leaving the work force. The most critical years for work force population turnover are the early 1980's. The turnover index, i.e. the ratio of people in the 14-19 age group to those in the 60-64 age group was 2.5 in 1980; it will continue to decrease, reaching 1.4 in 1994. The situation will be more unfavorable for men than for women because of the different structure of the two age groups, but we know that the women's slight demographic advantage does not overcome their enormous disadvantage on the labor market, for many other kinds of reasons that we won't dwell on. However, it is worthwhile to consider more at length the future development of this group; despite the economic crisis, the number of working women, though limited to the 20-39 age group, has risen in the last 10 years by 24 percent, which shows that women are putting pressure on the labor market despite numerous difficulties.

Table I: Working age population (14-64) forecast for Italy on 31 December of each year (in thousands)

column 1: Working population

2: Average annual rate of increase (in thousands)

3: Replacement or turnover index (14-19 age group/60-64 age group)

4: Women aged 20-39

Tabella I Popolazione in età attiva (14-64 anni) prevista in Italia al 31 dicembre di ciascun anno (valori assoluti in migliaia)

		Popolazione	Tasso medio di crescita (14-19/60-64)	Indice di sostituzione (14-19/60-64)	Donne in età 20-39 mili.			
1980	(1)	37.555	(2)	—	(3)	2,49	(4)	7.641
1981		37.895		9,01		2,30		7.708
1982		38.307		10,81		2,07		7.784
1983		38.740		11,24		1,85		7.879
1984		39.048		7,92		1,69		8.005
1985		39.144		2,46		1,68		8.137
1986		39.219		1,91		1,65		8.176
1987		39.322		2,62		1,63		8.208
1988		39.420		2,49		1,63		8.204
1989		39.461		1,04		1,61		8.250
1990		39.459		-0,05		1,55		8.260
1991		39.415		-1,16		1,51		8.303
1992		39.349		-1,68		1,47		8.353
1993		39.234		-2,93		1,42		8.401
1994		39.155		-2,02		1,36		8.456

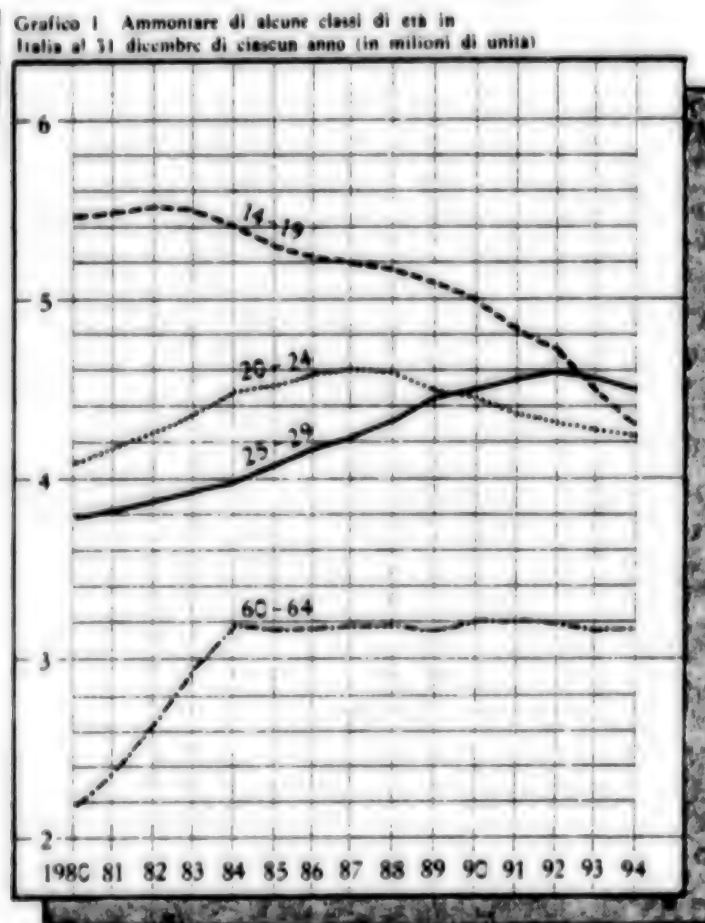
Fonte: nostro adattamento e prosecuzione della proiezione Istat, pubblicata per il 1981, 1986 e 1991 e gentilmente messi a disposizione per singoli anni (Istat, *Supplemento al bollettino mensile di statistica*, n. 12, 1978)

Source: our adaptation and arrangement of ISTAT projections published for 1981, 1986, and 1991 and interpolated for single years (ISTAT, "Supplemento al bollettino mensile di statistica," No 12, 1978)

The female working-age population will increase until 1989, growing from 18.9 million to 19.7 million, decreasing slightly thereafter until it reaches 19.5 million in 1994. From 1990 on, it will make up slightly less than 50 percent of the working population, though up to 1990 it will account for a little more than 50 percent. However, the 20-39 age group will grow steadily from 7.6 million in 1980 to 8.4 million in 1994, which means the group apparently most interested in becoming a part of the labor force. It may be presumed, therefore, that women will put pressure on the labor market more in the future than in the past, for both demographic and personal reasons (necessity of a second family salary, desire for independence). If marriages and the birth rate stay at their present low levels in future years or continue to decline, the energies not put into families and raising children will presumably be spent on work outside the home, thus increasing the demand for employment.

Another age group deserving of attention is that of the young and very young, who are having increasing difficulty in finding a first job. We know that the 14-19 age group will grow until 1983 and gradually diminish thereafter, going from a high of 5.5 million to 4.3 million in 1994. This group is 51 percent male and is reaching working age in 1980, at a time when jobs opening up because of retirements are very few: 1 for every 2.8 young people reaching working age, considering males alone. The situation will improve in coming years as both the number of young people declines and the number of people in the 60-64 age group reach retirement age (see graph No 1).

Graph No 1: Size of some age groups in Italy on 31 December of each year (in millions)





For young people in the 20-24 age group and even more for those in the 25-29 age group, the situation is rather more critical; considering males alone, the 20-24 age group will number 2.1 million by the end of 1980 and will continue to grow until 1987, when it will reach 2.4 million; it will then diminish slightly in the following years (2.2 million in 1994). These are actually the same generations born in the economic boom; as they move through the 15-year period under consideration, they encounter greater difficulties than others at various ages. This is something to keep in mind, because if steps are taken to facilitate this group's entry into the work force in the 1980's, the problem will not have to be faced in later years. It seems all the more advisable to make provision for this because women must also be included in the same demographic picture, at a time when they have particularly strong aspirations for work outside the home.

Given this outlook, the hypothesis of prolonging employment past the age of 60 might seem disastrous. The group affected by this possibility, i.e. the 60-64 age group, will grow rapidly till 1984, when it will number 1.5 million men and 1.7 million women, and will stay at about the same number in the following years. Extending the working age would reduce the advantage that the young might expect to gain halfway through the 1980's and would worsen the situation of young people in the 20-29 age group; their situation is already difficult enough for most of the next 15 years.

As we have already mentioned, up to the beginning of the 1970's, national demographic development was practically determined by the regions of the south, which are the only ones that still have strong natural growth, given the reversal of the migratory movement with foreign countries and the rapid slowing of domestic migration. The effects of the natural dynamic thus can no longer be balanced by migration as it used to be.

It seems particularly important to analyze the future development of the population, its structure, and the consequences they may have for the potential labor supply, considering territorial differences. For this purpose we have used projections prepared recently by SVIMEZ [Association for the Industrial Development of the South] (F. Pilloton, "L'evoluzione demografica e l'offerta di lavoro nei paese della Comunità europea a 12" (Rome: SVIMEZ, 1979)). These projections distinguish between the center-north and the south. In this case, too, the hypotheses concerning demographic dynamics are slightly diminishing fecundity, constant mortality, and net zero migration. Since the projections were made up to 1 January 1990, we have carried them forward with the same assumptions through 31 December 1994 in order to use the data relative to the whole 15-year period. (To determine survival probabilities we have used the "Tavole di mortalità ridotte per le regioni e le ripartizioni italiane" relative to 1970-72 by A. Golini et al., (Rome: Demography Institute, 1977)). As we know, the birth rate has decreased more rapidly than predicted in the mid-1970's, and the SVIMEZ projections thus overestimate the size of the 14-19 age group through 1994. Therefore we have corrected the size of this age group in the same manner as was done for the nation as a whole (see table No 2) [next page].

The size of the working age population will increase in the center-north until 1984 at an average annual rate of 6.9 per thousand and will decrease thereafter at an increasing rate, which will reach 4.8 per thousand in 1990-94. The working-age population in the south will increase, however, throughout the 15-year period, with an absolute increase of 1.7 million people, although with a decreasing rate of increase, which will drop from 14.3 per thousand in 1980-84 to 2.5 per thousand in 1990-94. The slowing increase in the southern working-age population from 1990 on

will not suffice to compensate for the decrease in the center-north working-age population, which, as we have seen, will initiate at that time the general decrease in the national working-age population. As an effect of diverse demographic development, the southern population will constitute in the future a growing percentage of the general labor potential, growing from 35 to 38 percent. Because of the differing age structure in the two territorial aggregates, old in the north, young in the south, the possibility of retirement opening up jobs for young people is much greater in the center-north than in the south for the whole period.

Table 2: Working-age population (age 14-64) projected for 31 December of each year in the center-north and south (in thousands)

- (1) Working-age population (a) center-north  
 (2) Average annual rate of increase (per thousand) (b) south  
 (3) Replacement (or turnover) index

Tabella 2 Popolazione in età attiva (14-64 anni) prevista al 31 dicembre di ciascun anno al centro-nord e al sud (valori assoluti in migliaia)

	Popolazione attiva		Tasso medio annuo Incremento (per mille)		Indice di rimpiazzo	
	centro-nord	sud	centro-nord	sud	centro-nord	sud
1979	(1a) 24.285	(1b) 13.089	(2a) —	(2b) —	(3a) 2,26	(3b) 3,32
1984	25.134	14.056	6,9	14,3	1,48	2,22
1989	24.981	14.616	-1,2	7,8	1,41	2,07
1994	24.591	14.803	-4,8	2,5	1,17	1,73

Fonte: nostro adattamento e prosecuzione della proiezione Svimez (F. Pilloton, *L'evoluzione demografica e l'offerta di lavoro nei paesi della comunità europea a dodici*, Svimez, Roma, 1979)

Source: our adaptation of SVIMEZ's projections (F. Pilloton, "Demographic Development and Labor Supply in the Countries of the 12-Nation European Community" [previously cited] (Rome: SVIMEZ, 1979))

In both areas, however, replacement possibilities will improve in the 15-year period. In the center-north, the influx into the working-age population will increase up to 1984 because of the arrival of the generations born during the birth-rate jump of the economic boom period; then it will decrease, but the number of people leaving the work force will increase by another 700,000 in the first 15-year period and then decrease only slightly. In the south, the number of people reaching working age will diminish for the whole 15-year period because of the arrival of generations born in a long period of declining birth rates (it should be noted that the increase in births at the beginning of the 1960's was an almost exclusively center-north phenomenon), but the number of people leaving this group will increase continuously. To sum up, at the beginning of 1980, some 2.3 people will reach working age in the center-north for each one that retires, as opposed to 3.3 in the south; at the end of 1994, the corresponding figures will be 1.2 and 1.7. It must be remembered that with the increase in the proportion of the working-age population, the south will have greater natural difficulties in replacement compared to the center-north. It may be presumed under the circumstances that southern pressure on the labor market will increase, especially in the next few years, and that pressure to emigrate, albeit within Italy, will become strong again if it does not succeed in satisfying the larger employment demand that is necessarily emerging.

Some problems clearly appear in the sketch of demographic prospects for the next 15 years, and we will bring them to your attention, though with margins of uncertainty determined exclusively by future national population shifts between the south and center-north, or with other countries. If, in fact, recent demographic change and the domestic or international crisis make the hypothesis of arrested migration seem reasonable, the situation of the domestic labor market shows signs of trouble, particularly in the south, where it may show new migratory pressures. These difficulties will be prevalent in the early years of this decade as large groups reach working age, groups born in years when the economy was favorable; however, those leaving the working-age population will not be very numerous, for the retirees will be those belonging to the small generations of the 1920's. Afterwards, because of the slackening of the influx due to the decline in the birth rate and the increase of those leaving the work force as the population ages, the demographic situation will become increasingly favorable.

The working-age population will begin to decrease in size after 1990: this will be due to the sharp decrease in the 14-64 age group in the center-north; from that date on it will no longer be compensated for by the increase in the south, which will still be positive, though decreasing. In the south, the working-age population will grow from 13 million to 14.8 million, about 40 percent of which will be young people in the 14-29 age group by 1990. This is the second serious problem that may occur in the next 15 years: labor potential will increase only where employment possibilities are less favorable and, moreover, where the demographic situation is particularly negative with respect to the young-old ratio.

In fact, the south's still relatively young demographic structure allows for a "natural" turnover in the working population that is much smaller than that in the center-north. It is especially this circumstance that raises doubts about the emigration halt's being permanent; in any case, it makes clear the urgency of alternative solutions.

A third problem seems bound to emerge more strongly in the coming years than in the past: women's employment. Women aged 20-39 will increase from 7.6 million to 8.4 million in 1980-94. The increase in the number of working women jumped sharply in this age group in the last decade. If women's aspirations for jobs remain as intense or increase, which seems more likely from the recent decline in marriages and the birth rate, more women will be freed from working at home, and their pressure on the labor market seems certain to grow in the coming years.

8782

CSO: 3104

## MDP/CDE PLANS FOR PRESIDENTIAL ELECTION CAMPAIGN

Lisbon O JORNAL in Portuguese 17-23 Oct 80 p 9

[Text] A partisan candidate "whatever be his origin" will not be accepted by MDP/CDE [Portuguese Democratic Movement/Democratic Electoral Commission], according to a statement made by the president of the latter party, Jose Manuel Tengarrinha, at a press conference held on Monday, 13 October. In the view of MDP, "the first alternative (the only one that really serves the interests of the nation) can only be attained with a suprapartisan candidacy, a national candidacy."

MDP will definitely not promote any candidacy on its own initiative, and it will reject any partisan candidacy, even if it were introduced by the PCP [Portuguese Communist Party], without being allied with APU [United People's Alliance]. Moreover, the United People's Alliance will not "work for the presidential elections," and it is now known that the two parties which comprise the coalition have different positions on the matter. Finally, "the candidacy of Gen Soares Carneiro is a partisan candidacy, and entails destabilization and insecurity, exacerbating the conflicts among the Portuguese people;" and "the political profile of this candidate places him in opposition to the democratic regime and institutions, threatening them seriously."

According to MDP, "In view of the two candidates now known, and without concealing differences with respect to many aspects of his performance, it is Gen Ramalho Eanes who appears as a national candidate, best equipped to guarantee balance and social reconciliation, and to uphold the democratic running of the country."

Nevertheless, the MDP/CDE's final position concerning the presidential elections will not be made until after all the candidates are known and following a meeting of the most important organ of the party between congresses, namely, the national meeting, scheduled for 26 October.

Understandably, the presidential elections were given priority by the newsmen who attended the press conference called to disclose the conclusions arrived at by the MDP/CDE's National Secretariat which met last weekend to "make a detailed analysis of how the election campaign is progressing, the election results, the new political situation and the forthcoming elections for the presidency of the republic."



The MDP's National Secretariat considered "the large turnout at the polls on 5 October very positive, expressing the desire of millions of citizens to participate in their country's political activity, and attesting to a strong adherence by the Portuguese people to democracy."

As for the AD [Democratic Alliance] victory, MDP is of the opinion that, "The new majority which the so-called democratic alliance managed to insure for the Assembly of the Republic is related to the conditions of incomplete democracy which marked the electoral process and which the democratic forces have been scoring for a long time." Specifically, MDP cited "the forms of individual intimidation during the course of many months of arrogance and arbitrariness on the part of an authoritarian government, the conversion of the nationalized news media into tools for propaganda on behalf of AD and its government, accompanied by violation of the respective legal regulations, and the abuses, difficulties in inspection and intimidating processes that were underway more or less all over the country during the election itself."

According to MDP, "The direction of the vote was also influenced by the electoralist measures which the AD government cleverly and demagogically adopted during the period immediately preceding the elections, and which caused a temporary improvement in the living conditions of certain strata of the population."

But the leftist parties were also to blame, and MDP did not fail to cite the mistakes that were made, or at least some of them: "But AD also benefited, and greatly, from the fact that the democratic parties did not convey to the electorate an image of guaranteeing an alternative of stability and security; and the controversy on this issue which arose within the democratic camp became a factor to reduce the appeal for voting among the truly democratic forces."

In any event, MDP thinks that, "The electorate has maintained a relatively stable vote between December 1979 and October 1980, nevertheless reflecting a slight move to the right." The MDP National Secretariat interprets this fact as "a result of the aforementioned reasons, and not a phenomenon of increased reactionary ideas among the Portuguese people."

The new political situation created by the elections of 5 October is viewed with apprehension by MDP: "The AD majority in the next Assembly of the Republic, and the government that will back it are a serious threat to the liberties and rights of the citizens, especially the workers' constitutional rights, and to the democratic regime itself."

2909

CSO: 3101

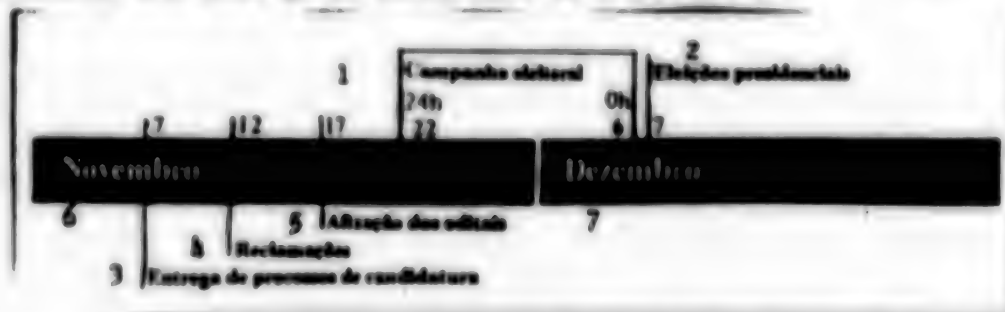
## PRESIDENTIAL ELECTION CAMPAIGN CALENDAR

Lisbon O JORNAL in Portuguese 17-23 Oct 80 p 5

[Text] Tomorrow (Saturday) the president of the republic will be able to forward, for publication in DIARIO DA REPUBLICA, the decree-law scheduling the presidential elections for 7 December. After obtaining comments from the political parties, Eanes will probably pick that date which, if a second round were to be necessary, will still permit the election to be held before the end of the year, possibly on 22 December.

With the presidential elections being held on 7 December, the election calendar requires the completion of the candidate registration process (7,500 signatures) to take place by 7 November and the arrangement of candidates will be communicated through the balloting cards on the next day. The deadline for any claims or objections will be 12 November and the final postings will be made on 17 November.

The presidential election campaign finally will start at midnight on 22 November and will go on until 0000 on 6 December.



Key: 1--election campaign; 2--presidential elections; 3--delivery of candidacy records; 4--challenges; 5--postings; 6--November; 7--December; h--hours.

5058

CSO: 3101

## PROPOSED CHANGES IN PRESIDENTIAL ELECTION LAW

Lisbon O JORNAL in Portuguese 17-23 Oct 80 p 5

[Article by Pedro Cid: "Government To Study Amendments to Law on Election of President of Republic"]

[Text] Following a move by the secretary of state for internal administration, a working session will be held on Wednesday for the purpose of going into an in-depth examination of the "Law on the Election of the President of the Republic" and to decide whether it is to be amended with relation to the coming presidential elections. Addressing O JORNAL, Dr Cruz Vilaca revealed that the current law contains unconstitutional provisions, similar to the Law on Local Government, such as voting by proxy and ineligibility.

On the other hand, according to that member of the administration, the current law governing the election of the president of the republic is full of holes, specifically regarding the provisions regulating the second round in the presidential elections. The law calls for a maximum interval of 3 weeks between the first and second rounds. In the case of the coming elections, and starting with the basic idea that they will be scheduled for 7 December, the STAPE [Technical Secretariat for Political and Election Matters], with the collaboration of the Armed Forces, has already provided logistic support for holding the second round of voting which can take place 15 days after, in other words, on 21 December.

At any rate, Dr Cruz Vilaca revealed that authority for scheduling the second round has not been regulated and the same applies to other questions, such as the arrangement of candidacies, deletions of names, the death of one of the candidates, or the withdrawal of any of them, the makeup of the motor meetings, election finances, and election propaganda laws.

The meeting--whose results will then be forwarded to the cabinet--will result in a report which will cover the recommendation as to whether or not it is indispensable immediately to proceed to these amendments or regulations. "Time is short," the secretary of state told us, "which is why, if the decision were to introduce the mentioned changes, they will probably be included in the first legislative initiative to be submitted to the new parliament for its deliberation, during this Second Constitutional Legislature."

## Study of Election Code

The administration in the meantime has forwarded to the SATPE--for its technical review, in the light of the lessons learned so far--a bill for an election law and a bill on the census, whose most important amendments will deal with a recount of emigrants. After this report, they will be sent on for discussion by the cabinet and after that they will be forwarded to the Assembly of the Republic since this is a matter reserved for this highest body of sovereignty.

The Citizenship Law will also be taken up by a study group, likewise directed by Dr Cruz Vilaca. Basically, the intention is to retain the original draft, although some changes would be made in line with criticisms and suggestions received from various quarters. For example, retention of Portuguese nationality by a naturalized citizen in the country to which he emigrated will not be automatic, as had been noted in the original draft, but will instead depend on a voluntary act in the form of a declaration. In the meantime, there is also considerable concern regarding the thousands of cases as yet unresolved, dealing with questions of citizenship (loss or acquisition thereof) and they are somehow related to decolonization. A source close to the MAI [Ministry of Interior] told us that the 1977 dockets are still being processed and that operational criteria will have to be worked out quickly in order to finish all those cases which involve thousands of persons.

In this entire imminently political legislation, it is the intention of the executive branch, in medium-range terms, to publish an Election Code as a legislative initiative which has its distant roots in Portuguese law since an election code existed already under the First Republic, shortly after the approval of the Constitution of 1911. This election code will include provisions usually found in various election laws--AR [Assembly of the Republic], PR [President of the Republic], local government, etc.--and in chapters covering the specific aspects of each of these elections.

5058

CSO: 3101



## FRS POSITION IN PRESIDENTIAL ELECTIONS, RELATIONSHIP TO AD

Lisbon O JORNAL in Portuguese 17-23 Oct 80 p 36

[Article by Deputy Antonio Reis, member of the PS Secretariat and secretary of state for culture in the Second Constitutional Government: "FRS: Counterpower or Temporary Alternative"]

[Text] The dousing of cold water that the AD's electoral victory represented to those counting on the immediate emergence of an alternative in government from the democratic left should not and cannot paralyze our energies or freeze our capacity for devising a clear-sighted strategy. A great deal must be gleaned from the analyses of our adversaries and from our own critical introspection, to serve as the basis for a clear view of the present and a definite, stimulating prospect of the future. The point is that, with the euphoria of the emotion with which the campaigns are conducted now abated, we must have sufficient humility to recognize the limitations of our proposals in contrast to the trumps held by the adversary, as well as the necessary courage to respond to the new challenge that has now begun, in a context wherein there are many causes for uneasiness.

I am among those who think that the AD victory did not begin on 2 December, nor in the 9 following months of government, but more exactly a few years earlier, when the great historic opportunity that the PS' [Socialist Party] First Government represented was missed. We are all familiar with the extenuating circumstances that are usually cited: the damage from a recent decolonization and from the PC's [Communist Party] totalitarian onslaught; the tragedy of the international economic crisis, with its effect on the balance of payments; and the breakdown of the state apparatus. We are also all aware that we Socialists were given the thankless task of retrieving the chestnuts from the fire, while the right observed us with a mixture of appreciation and superciliousness, biding its time, which a long historical learning process had assured it of being inevitable.

## An Unfortunate History

From a distance of over 2 years, it is not difficult to make the assessment of our tenure in power: it was positive with respect to the solution of problems stemming from decolonization and the process of democratization in the country; it was negative (despite some measures of the Second Government which were adjusted, but late in arriving) with respect to the solution of problems stemming from the economic crisis and the launching of major social reforms.

We are now paying with evil gestures for the lack of a consistent, effective economic and social policy under the First Government, directed mainly at the areas of the electorate which constitute the natural base of support of a modern, European democratic left. The lack of a clearcut policy on income and prices deprived us of credibility among certain strata of the urban electorate most vulnerable to fluctuations in voting, because they are dissociated from the requirements of an "ethic of conviction."

With the process of correcting this policy by the Second Government interrupted, as a result of the failure of the agreement with CDS [Social Democratic Center Party], just after its first phase of imposing sacrifices to make possible the financial status conducive to the major reforms and an improvement in the standard of living, the image with which we left the government could not be illustrious. And the events which followed did little or nothing to improve it. The conflict with the president of the republic and the Nobre da Costa government, with mutual accusations, the naive presidential protection of the Mota Pinto government, and the hasty and questionable decision to dissolve Parliament, precluding the possibility of a year and a half of "regeneration" of the democratic left under more favorable financial conditions \* were other episodes in an unfortunate history, wherein the Pintasilgo government did not come in time to play the role of a redeeming messiah for the evil of our sins.

#### The Launching of FRS

The establishment of the Socialist Republican Front [FRS] was the first serious, innovative response to the threat which hovered over the democratic left as a result of the inevitable electoral blunder of 2 December 1979.

Unfortunately, it also suffered from tardiness, thus reducing much of the impact and force of projection that it might have acquired if it had been launched 2 months earlier. A different "timing" might not have given us victory, but it certainly would have afforded us a more comfortable electoral position. It would have at least enabled us to submit the government program on time, and to devise the FRS alternative, sector by sector, which did not become perceptible to the unstable portion of the electorate that was important to attract. We have only ourselves to blame for the excessive time wasted on hesitation and for the excessive space given to the "specters."

#### The Campaign: More Counterpower Than Alternative

Thus, the election campaign ended up serving more to create credibility for us as an opposition than credibility as an alternative for government; which, in spite of everything, was not completely bad, considering the lag with which we started! To that electorate which voted for AD when it could have voted for FRS, we appear more as a useful restraint on the excesses of a government to which, for lack of another, it continues to give its confidence, than as a viable alternative. In other words, we appear as an excellent, beneficial counterpower, and not an immediate alternative in power. This image is also reinforced by the targets selected in the campaign which, owing to the electoralist trumps of the government, lie more in the political area (purges, news media, institutional guerrillas, violence and undemocratic behavior of the prime minister in the case of the debt) than in the economic

\*An experience that would have lent a different credibility to the electoral bid of an FRS majority if it had been based on the operation of a parliamentary majority.

and social area wherein our alternative, in order to be affirmed, would have had to be devised long before the campaign, if we did not want to be limited to a sincere, but rather unconvincing denunciation of the government's demagoguery and electoralism.

In any event, FRS asserted itself as an aggressive, enthusiastic popular force, with an offensive and mobilizing capacity, which was far superior to the obscure, defensive PS in the 1979 campaign. It not only stanching the hemorrhage left of that PS, but expanded the working structure of the democratic left, endowing it with a rising dynamism that has lent it a privileged position in the confrontation that has been under way with the AD government recently.

### The Judo Tactic

However, right now it is important to avoid two contradictory temptations which the reshaping of the FRS' social base, obtained from the transfers of votes in the last elections, could entail: the first, of a "left-oriented" nature, based on fidelity to the gains of the left and the concern, which is legitimate per se, for consolidating that reacquired electorate; and the second, of a "right-oriented" nature, based on a desire to win, at any cost, the good graces of a middle class electorate which views our verbal enthrallment with distrust and disbelieves our ability to satisfy its ambitions. Either of these temptations could prove fatal for us: Either we would be doomed eternally to serve as an increasing more moral and less political counterpower, or, because of our desire to wear ostensibly respectable garb, we would be converted into dispensable "transvestites," and we would not even retain the role of counterpower.

It is, indeed, necessary to know how to relate the function of an immediate counterpower to the function of an alternative over a period of time, through a tactic which, overcoming temptations toward maladjusted dynamics on our part, would take advantage of the likely lack of control in the government's dynamics, by means of timely, well-aimed statements that would simultaneously, and in conjunction with one another, both denounce and enunciate. In the long run, it is the essence of judo tactics that is recommended here.

In this respect, it is now important to try to guess the main lines of the AD's policy, its objectives, and the obstacles that are being put up against its materialization. Three aspects must be taken into consideration: the presidential elections, the constitutional revision, and the predictable style and content of the government's action.

### The 'Presidential Elections'

The first effect out of control in the AD's strategy is its obstinate counting on the candidacy of Gen Soares Carneiro, when it became even more obvious that the recent victory in the legislative elections was due largely to the vote of a moderate portion of the electorate. It is clear that such a candidacy contradicts and hampers the three features necessary for the success of the AD's government plan cited appropriately by Marcelo Rebelo de Sousa: its democratic or antiauthoritarian, national or antialientalist, "centralizing" or antibipolarizing (with receptiveness to leftist values) features; in other words, the elements essential for maturity and cultural autonomy in such a plan.



This is so precisely because it is the candidacy of an authoritarian threat in the form of constant blackmail on the horizon, the candidacy of an ultraconservative faction of the AD electorate, counting on a bipolarizing hardness; in other words, the candidacy of immaturity and a cultural vacuum of the old Portuguese right wing. That is why it is doomed to defeat, regardless of how much effort Sa Carneiro may expend on it. Its defeat will also be a defeat for AD, although Eane's victory cannot automatically be regarded, henceforth, as a victory for FRS. It is simply that the defeat of the AD candidacy, like Eanes' victory, can and should be used as events to foster dynamics for relating the FRS' function as a counterpower to its function as an alternative over a period of time. Moreover, they will introduce a first major factor of internal tension within AD, while at the same time contributing to the deterrence of triumphalist and restorationist dynamics.

#### The Constitutional Revision

It will be in this atmosphere that the constitutional revision will be undertaken. I am convinced that there are and will be conditions for successfully achieving a revision by consensus, with complete adherence to the constitutional rules. The general features of the constitutional revision submitted by FRS represent a first approach to a broad base of potential understanding. The elimination of the Marxist-oriented ideological content and of certain rhetorical or symbolic proclamations resulting from current circumstances is now a peacefully agreed upon point; and those who keep clinging to them after the tricks that the unfortunate history of recent years has played on us would be quite ridiculous.

Similarly, the abolishment of the Council of the Revolution has also been peacefully accepted as a result of the expiration of the transitional period and the demise of the MFA [Armed Forces Movement] pact with the parties. Thus, there have now been eliminated the two specters most invoked by those who accuse the present Constitution of representing a factor for dividing the Portuguese people, overlooking the fact that the remedy of the referendum which they also advocate suffers from the very same defect. Since the petty differences that have arisen over the nature, functions and relationships of the organs of sovereignty are not insurmountable, \* the area of socioeconomic organization remains as the realm for dangerous conflict.

In my opinion, only a real political desire, based on consensus, on both sides, with the clearcut affirmation within AD of a democratic component that is staunchly opposed to a return to the socioeconomic patterns of the former regime, can help to surmount the obstacles which have undeniably arisen in this area. And PCP and MDP will act wrongly if, in this regard, they insist upon maximalist or quixotic positions the lack of realism of which, toward the real country that we have, could only help to deprive them of credibility even more. Since it is possible to preserve the essence of the regime of 25 April, those who cling to what is secondary, and are stubborn about it, will display a complete cultural immaturity.

Thus, some moderate statements on this subject made by AD leaders such as Pedro Roseta and, strangely enough, Lucas Pires, should be accepted. The point is that they have abandoned, for once and for all, the blackmailing or "diktat" positions of the type which stipulate: either our revision, or the referendum. The Socialists are willing

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\*Unless AD insists on the elimination of the principle of proportionality in electoral representation, a hypothesis which is completely unacceptable.



to negotiate a revision, but never to give in to "diktata." By assuming a role of "pivot," we shall also be helping to reinforce our image as an alternative over a period of time, in opposition to an AD whose tensions and contradictions in this regard will not fail to become evident.

### The Government's Action

It remains for us to reflect on the predictable style and content of the government's action. AD has contracted large debts to different and even hostile social sectors. To implement a policy that will please both Greeks and Trojans will not be an easy task, regardless of how much the nationalized news media continue to be manipulated. And even if we agree that the conditioning factors of an economic and financial nature are those called for in the preliminary version of the Medium Term Plan (1981-84), which is perhaps too optimistic when the international economic crisis is threatening to become worse, the influence of the clientele could irremediably undermine the success of the government's policy; particularly if it were faced with a revision of the law on demarcation of the public and private sectors, which would end up depriving the state of major instruments for controlling the economic and financial policy.

The outburst from powerful private economic groups with their own demands and impositions could, strangely enough, become a factor for deterioration of the government's economic policy and, concomitantly, a factor for strengthening the FRS alternative! The judo tactic will have its application here as well....

However, we cannot underestimate the AD's capacity to devise a social policy capable of consolidating the inclusion of certain social strata in its bloc of support, particularly when it is related to the electoral cycle.... An opposition concentrated on reprehensible policy aspects of the government's performance is not capable of attracting these portions of the electorate. It will have to be an FRS that is able to penetrate these portions in an organized manner, with specific movements and proposals directed toward them.

### The Cultural Alternative

However, I think that the AD's government wager will end up failing in the very respect that Marcelo Rebelo de Sousa considers, and rightfully so, the critical one: its capacity for devising a "new cultural plan for the Portuguese society;" in other words, a set of "values related to structural reform," a new mentality that is refreshed, modern, innovative and creative. And it will fail because it will be constantly thwarted by the many Soares Carneiros established in it and restraining it, preventing it from "making history."

Sa Carneiro's populism will be increasingly less of a sufficient "ersatz" [substitute] for the lack of a new cultural plan. Furthermore, the obvious dissociation from the world of cultural creation in the strict sense, throughout these first 9 months of government (already criticized by such leaders as Helena Roseta) is only a symbol and a harbinger of the lack of capacity for cultural creation in the broad sense. And the first to be disillusioned by that lack of capacity will be precisely the youth, which is by definition more sensitive to innovative cultural changes which explore and use its nonconformity and its creative desires. When it realizes that an

influence of the mummies of the past has caused AD to renege on the dynamics of innovation, it will abandon it.

This is also the great challenge taking shape for an FRS desirous of relating its function as an essential counterpower to that of a credible alternative over a period of time. It will be in the degree to which we give proof of the capacity to formulate and live a complete cultural alternative (in values, in methods, in proposals, in mentality and in penetration of the social groups, especially the youth) that we shall gain the impetus for that alternative. Meeting this challenge is all the more within our reach since there is every indication that AD will lose it, with the "alan" of the early period gone. Defeated in the presidential elections, forced into the commitment on the constitutional revision by a "pivot" FRS, and entangled in a policy of clientele that culturally a vacuum, AD will have left room available for the outburst of the democratic left alternative.

2909

CSO: 3101

## ECONOMIC INDICATORS, 1981-1984 MACROECONOMIC PROJECTIONS

Lisbon O JOURNAL in Portuguese 17-23 Oct 80 p 17

[Article by Daniel Amaral: "Considering Economy During a Respite"]

[Text] Of two extremely important dates that the calendar had in store for us during 1980, we have passed the first one, that of the legislative elections, and are already fast approaching the second, that of the presidential elections, with this unique feature: the importance of the second date has now redoubled. On the first, what was at stake essentially was an economic option, and the left lost. On the second, there are some who claim that what is at stake is an option for a regime, and we all stand to win or lose.

We are again in a period of meditation, and of respite. From now until December, with one change or another on radio and television so that AD [Democratic Alliance] will retain everything, there are no major alterations in sight. The acquisition of power (but with a greater or lesser power, depending on the direction of the vote in the presidential elections) will come in January, with a new government and a new program, as well as a large clientele to satisfy.

Then, it will presumably be the job of the public administrators. Administrators from the Socialist area, regardless of criteria based on competence, will have to be dismissed, because the search for "good positions" so demands. When it is time to "settle accounts" there will be at the top perhaps a few presidents of banking institutions: There is every reason to think that, under the aegis of the vice presidents appointed recently, there will be sufficient reason for them to go on expecting to shuffle papers....

But perhaps others will have to leave as well: those who, never having had the courage to assume a stand, chose to shift from one side to the other, depending on current benefits, self-assured in the PC [Communist Party]-MDP [Portuguese Democratic Movement] area in 1974-75, subsequently in a PS [Socialist Party] with deviations in 1976-79, and again self-assured in AD in 1980....Over the latter, AD (and in this regard we are in 100 percent agreement with it) must surely prefer those who have never deviated from the (its) course.

Since nothing of importance warranting high-level treatment is anticipated until December, this is the ideal occasion to reflect a little on the Portuguese economy: the model of development, the distribution of the product, the wage and price policies,

the employment problem, the financing of the economy, the European option, etc. In an attempt to put the analysis in the realm of erudition, these will be the topics of this and two subsequent articles.

### The Mixup of Names in Macroeconomics

It is best that we begin at the beginning, and attempt a quick explanation of the main "jargon" that normally appears in this matter of economics, which often eludes the ordinary reader. And, when we say this, we are reminded of a friend of ours whom we once almost forced to attend a lecture on economic subjects, and who emerged from it exhausted, swearing that he would never do that again. According to this friend of ours, the speaker, an individual of high caliber in our area, spoke for hours on end about product and income, gross and net, domestic and national, market prices, cost of factors, current prices and constant prices....in short, he made such a hodgepodge that it nearly drove him crazy. And what was worse, he did not learn anything, and left more confused than when he arrived. We have to put up with it: "Can't you economists come up with somewhat of a simpler vocabulary?"

Without didactic intentions, which would be foolish here, let us see whether we can, in a half dozen words and with the aid of the attached chart, manage to explain the essence of what is involved.

The product of a particular country (which is nothing but the sum of the products of the various units that exist) can be considered from two standpoints: the standpoint of distribution according to the various productive factors (the labor factor, the capital factor, etc.); and the standpoint of the expenditure according to the various components (consumption, investment, etc.).

Observing the first half of the chart, which reflects the standpoint of expenditure, we discover one of the main equations of the economic models:  $\text{consumption} + \text{investment} + \text{exports} - \text{imports} = \text{product}$ , in this instance, the PIB pm (gross domestic product at market prices), which was 893 million contos in 1979. And, to find the national aspect (instead of the domestic aspect) of this product, that is, the PNB pm [gross national product at market prices], we only need to add to it, algebraically, the balance of the income from the rest of the world (pay for labor, income from property, transfers, etc.). In 1979, this balance was negative, in the amount of 21 million contos; and hence the national product was less than the domestic product (962 million contos).

The determination of these indicators presupposes the use of market prices, that is, the price whereby the products are transacted. But in the setting of these prices factors of a politicoeconomic nature enter, which have nothing to do with the real cost of the goods: In some instances, the cost price is reduced with the provision of a subsidy; in other instances, the cost price is increased with the imposition of a tax. Now then, if we subtract from the product at market prices the effect of the taxes and subsidies, we shall obtain what is known as the product at the cost of factors. In 1979, for example, the taxes amounted to 122 million contos, and the subsidies, 47 million. So, if we subtract 75 million contos ( $122 - 47$ ) from the PNB pm, we shall have the so-called PNB cf [gross national product at the cost of factors], a concept that is normally used (but sometimes the PNB cf is used also) in international comparisons.



In the second half of the chart, we have the product from the standpoint of distribution: the pay of the labor factor (459 million contos), together with the compensation from capital, savings and taxes (359 million), and with the interest on the internal public debt (25 million), comprising the so-called national income which, in turn, is equal to the PNB of deducted from the consumption of fixed capital.

Is all this too confusing? We might say that it is a little confusing to all those who do not have a desire to understand.

### The Pressure Groups

The constant indicators on the chart, from both the standpoint of expenditure and the standpoint of distribution, do not represent a mere academic exercise. Much more than that, they reflect the results of a past policy, and are to some extent conditioning factors affecting any future policy.

Let us return to the first half of the chart, and analyze it in relation to Table 1. In 1979, consumption and investment accounted for 88.3 and 21.1 percent, respectively, of the total expenditures (PIB pm). But this type of distribution is not without effect on the overall result itself: There may be more or less consumption, and more or less investment, and still the same total of 109.4 percent would be obtained. To consume more means counting on gains from the immediate situation, and damaging the future. Investing more means transferring many of the immediate gains to the future, and with interest. But it is not easy, especially in a democracy, to consume and invest what one wishes: There are pressure groups acting on one side and the other, which lead to a balance that is at times forced. For some reason, investment in Portugal during recent years has been on the order of 20 percent of the domestic product, and sometimes less: The consecutive governments, because they have been unstable, have not withstood the force of pressure from all those who rightfully wanted to increase consumption. For some reason, the Japanese economy has grown, for the past several years, at a spectacular rate: The investment there has been on the order of 30 percent or more....

Obviously, investment can be increased while maintaining consumption: One need only resort to imports on a higher scale. But in this case we encounter another problem, namely, that of the foreign debt.

But there is linked with consumption (and with investment as well, indirectly) the pay of the labor factor, which cannot be declining indefinitely without the risk of a breakdown; and we go to the second half of the chart, which must be analyzed together with Table 2. Causing a rise or drop in the amount of pay for labor also depends on the pressure groups of opposing types, with the governments in the middle: the employers' group, which must want to pay increasingly less, and the employees' group, which must want to receive increasingly more. There is one objective fact: In 1979, the charges from the labor factor represented only 54.5 percent of the national income (as compared with 57.2 percent in 1978, and 60.2 percent in 1977); whereas in that Europe outside it is normal to find amounts exceeding 70 percent.

There is another fact, also objective: It is not necessary to reduce pay for labor in order to increase investment. It is sufficient to reduce the compensation from capital insofar as possible. And conditions can always be created in favor of

increased savings, which may later be directed toward investment. What is essential, basically, is to know how to construct a consistent, realistic plan, and then to have the time and courage to execute it. It was time that the other governments never had. It is time that the next AD government will have. Its guilt will be greater if it fails.

### The Necessity for Planning

And we always arrive at the same thing: If an economy is to be well run, it must be well planned: planning is the real source of any economic development.

In the macroeconomic projections of the major options in the 1981-84 plan, disclosed at the end of last week, the government appears to have made a great wager: Investment will grow at a rate of 7.6 percent per year, prompted mainly (of course!) by the private sector, which will grow at an average rate of 10 percent. Exports will continue to grow more rapidly than imports, something which does not seem difficult. The domestic product will have a growth of 4.9 percent, which will allow for a certain amount of proximity (insufficient, in our opinion) to the EEC countries. Real wages will experience a real growth of 4.1 percent per year. Inflation will not exceed 13 percent, similar to that of the industrialized countries, etc. Concurrently, we shall witness a larger foreign debt, even in relative terms (a deficit in current transactions equal to 4 percent of the gross domestic product in 1984, as compared with only 2.5 percent in 1980); and a slight decline in unemployment (6 percent, instead of the current 8 percent).

As has been said, if this plan is put into practice, it will be what is called a markedly capitalist plan; in other words, it will have the private sector as its main impetus. Why did the public sector fail? It is not exactly that. During the past few years, the public sector failed as the private sector failed: because they lacked the proper conditions. What actually failed was the economy. But the plan although ambitious in some respects (and we are by now all used to analyzing the deviations between the plans and the reality) does not leave any illusions for the workers about the functional distribution of income. The share of wages will go from 54.5 percent in 1979 and 54 percent in 1980 to only 56 percent in 1984: figures of 24 April.... Why this insistence on damaging labor for the benefit of capital? Haven't the Portuguese workers had enough?

**Quadro 1 (1)**

**Despesa Nacional**

Preços correntes (2)

(3) U: Milhões de contos

(4) Rubricas		1977	1978	1979
1. Consumo (5)		890	1100	868
• Privado (6)		470	576	720
• Público (7)		420	524	148
2. Investimento bruto (8)		158	181	208
• FBCF (9)		126	157	186
• Variação de existências (10)		32	24	22
3. Exportações (11)		111	156	257
4. Importações (12)		205	248	350
5. PIBpm (1 + 2 + 3 - 4) (13)		624	779	983
6. Saldo dos rend. do resto do mundo (14)		-7	-15	-21
7. PNBpm (5 + 6) (15)		617	764	962
Menos: impostos indirectos (16)		79	97	122
Plus: subsídios (17)		21	31	47
8. PNBcf (18)		559	698	887

Fonte: Banco de Portugal

(19)

**Key:**

1. Table 1, National Expenditures
2. Current prices
3. Unit: millions of contos
4. Items
5. Consumption
6. Private
7. Public
8. Gross investment
9. Gross Fixed Asset Formation (GFAF)
10. Variation in stocks
11. Exports
12. Imports
13. PIB pm - gross domestic product at market prices
14. Balance of income from rest of the world
15. PNB pm - gross national product at market prices
16. Minus: indirect taxes
17. Plus: subsidies
18. PNB cf - gross national product at cost of factors
19. Source: Bank of Portugal

**Quadro 2 (1)**  
**Distribuição do Rendimento Nacional**  
 Preços correntes (2)

(3) U: Milhões de contos

(4) Rubrica	(5)	1977		1978		1979	
		Valor	%	Valor	%	Valor	%
1. Encargos com o factor trabalho (6)		318	60,2	379	57,2	459	54,5
• Ordenados e salários (7)		225	42,5	262	39,5	314	37,2
• Remunerações do sector público (8)		61	11,5	77	11,7	100	11,9
• Contribuições para a Segurança Social (9)		32	6,1	40	6,1	45	5,3
2. Rendimentos e transferências dos particulares (10)		189	35,7	253	38,2	350	41,6
3. Poupança das sociedades (11)		15	2,7	25	3,8	35	4,2
4. Impostos directos sobre as sociedades (12)		8	1,6	11	1,6	14	1,6
5. Rendimentos do Estado (13)		9	1,7	15	2,3	10	1,2
6. Menos: juros da dívida pública (interna) (14)		-10	-1,9	-20	-3,1	-25	-3,0
7. Rendimento Nacional (15)		529	100,0	663	100,0	843	100,0

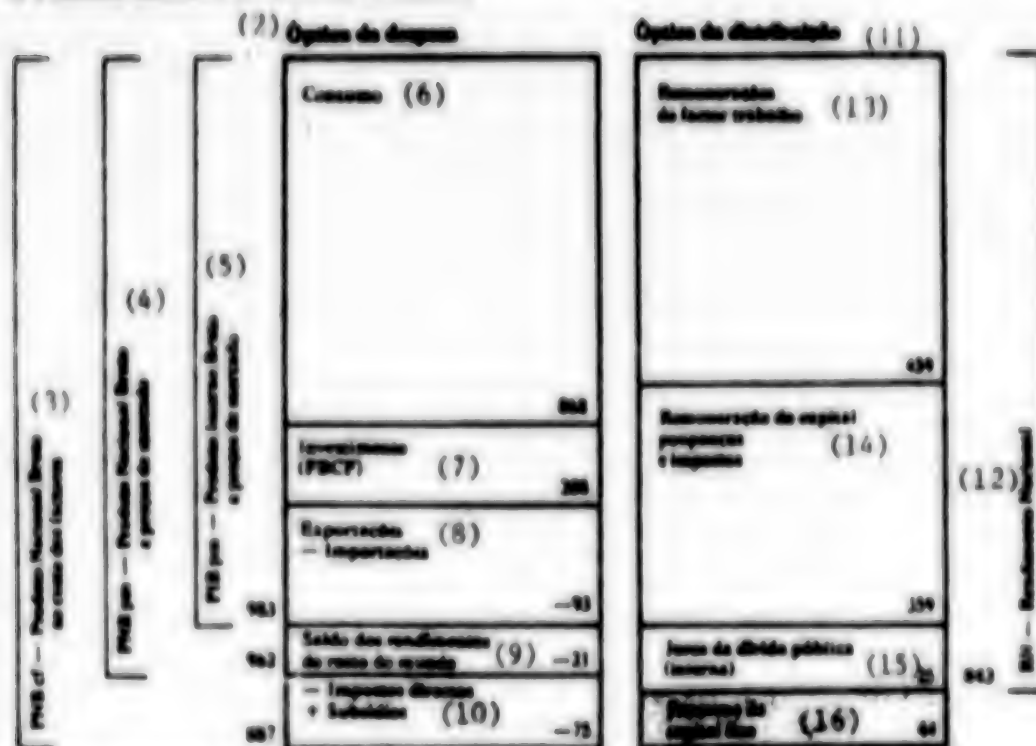
Fonte: Banco de Portugal (16)

**Key:**

1. Table 2, Distribution of National Income
2. Current prices
3. Unit: millions of contos
4. Items
5. Amount
6. Charges related to the labor factor
7. Earnings and wages
8. Pay of the public sector
9. Contributions to social security
10. Income and transfers of individuals
11. Savings of companies
12. Direct taxes on companies
13. State income
14. Minus: interest on the (internal) public debt
15. National income
16. Source: Bank of Portugal



(1)  
O Produto Interno e o Produto Nacional



Nota: os números do gráfico estão expressos em milhões de contos e referem-se a 1979

(17)

Key:

1. The Domestic Product and the National Product
2. Standpoint of expenditure
3. PNB cf - gross national product at cost of factors
4. PNB pm - gross national product at market prices
5. PIB pm - gross domestic product at market prices
6. Consumption
7. Investment (GFAF)
8. Exports - imports
9. Balance of income from rest of the world
10. Direct taxes + subsidies
11. Standpoint of distribution
12. RN - national income
13. Pay of labor factor
14. Compensation from capital, savings and taxes
15. Interest on (internal) public debt
16. Consumption of fixed capital
17. Note: The figures on the chart are expressed in millions of contos and relate to 1979.

2909

CSO: 3101

## RELATIONSHIP WITH EUROCOMMUNISM MOVEMENT FACTIONALIZES PCE

Brussels LE SOIR in French 19-20 Oct 80 p 3

[Commentary by Ernesto Garcia Herrera: "Will the Spanish Communist Party Continue to Support Eurocommunism?"]

[Text] Will the Spanish Communist Party [PCE] continue to be the avant-garde of the Eurocommunist movement? Will the Spanish Communists be able to continue marching hand in hand with Enrico Berlinguer, or will they come back to the nostalgic Stalinian position which is that of Alvaro Cunhal?

Here are questions we have the right to ask if we are to believe certain reports, which are rather critical of the PCE and which have not been denied by the leadership of the Party.

In 1975, the PCE had 15,000 activists and 200,000 2 years later, after the first Spanish legislative elections (June 1977) held in Spain since February 1936. The number of activists was 140,000 at the end of 1979 and reportedly is 100,000 today.

To this first setback observation, we must add another, whose seriousness has escaped no one: the general flight in recent years of professionals, doctors, engineers, journalists and attorneys who left the party after a decision was made by the central committee to "territorialize" (if we are willing to accept the term) the party.

This "territorialization" involved the dissolution of professional collectives and the integration of their members in district organizations. The same decision was applied elsewhere without success, in factories and workshops.

As for the professionals, that was also a waste of time, since barely 20 percent of these professionals accepted the central committee's decision. The rest of them dropped out. All the same, we should say that contrary to what happened elsewhere, this flight did not cause any conflict. Among the Spanish Communists there were no cases like those of Pierre Daix or Roger Garaudy. Silence and icy courtesy were the norm. The PCE did not try to annihilate the dissidents, nor did the latter rush to the membership offices of other parties of the left.

With respect to these defections we might also point out that there appears to be a real confrontation between two opposing factions within the party: that of the "Euros" and that of what we could call the party "apparatchik," according to the classical terminology.

Eurocommunism has its roots in the concept of the "historical bloc" of Italian Antonio Gramsci (1891-1937). This man, who was the great leader of Italian communism, while identifying himself with Leninism, gave the intellectuals a much more important role than that of the professional revolutionaries in the construction of socialism. The PCE was going to transform Gramsci's formula into "the alliance of the forces of labor and culture."

It was in this Eurocommunist line that the PCE was to violently criticize the Soviet intervention in Czechoslovakia and since then to take its distance vis-a-vis Moscow.

### The Confrontation

Most of the representatives of this "Euro" faction in the party are, with few exceptions, men and women who came to the PCE from "the interior"; i.e., having experienced neither the Civil War nor exile.

When the Franco dictatorship disappeared, exiles with often respected mythical names returned. They had to be given "a front seat" [fauteuil]. Under these circumstances, a confrontation could not fail to be produced. On one side were those from the interior, of a higher social origin and intellectual level. It was they whom the oldtimers called "pícos de oro," individuals with the gift of gab. On the other side were the old and not-so-old hands, who left the country in 1939 or were born in exile, and who had engaged in 1,000 battles and had lost almost every one.

The "hardliners" advocate a radical struggle against the right, this same right which had defeated them in 1939. In response to an old reflex of the Spanish Communists, they are also fighting the Socialist Party which they call the Social Democratic Party. They are in favor of the establishment of close ties with the big party of socialism and with all the sister republics. Finally, they demand intensification of democratic centralism and recognition within the party of the importance of the working class "vis-a-vis these greenhorn intellectuals."

For their part, the "Euros," losing momentum, are said to be demanding more internal democracy, replacement of the "old-hand" leaders, affirming that it is not they who will increase the number of activists in the country where 85 percent of the population are under 35 years of age.

These same "Euros" also are demanding a much more critical attitude vis-a-vis countries of the socialist bloc and greater collaboration with the socialists.

Where does the party's secretary general, Santiago Carrillo, stand in this confrontation?

### A Political Head

This personality is worthy of a closer look. In 1936, at the age of 20, Carrillo, secretary general of the young socialists of the PSOE [Spanish Socialist Workers Party], joined the ranks of the PCE with his activists. Then came the war, exile and a rigid Stalinism which was to disappear over the years and which was to result in "the pact for freedom" that was open to all forces, the right as well as the

left, on condition that they be democratic. Today, thousands of Spaniards feel that Carrillo has one of the best political heads in the country, even if they do not share his doctrine. But there are also thousands who, seeing Carrillo's face on their television screen, turn off their set.

This said, it seems that Carrillo whose power within the party is now absolute--"no one breathes in the PCE unless Santiago gives him permission," it is said--would like to reconcile the two factions in the sense that he says he is a "Euro" while at the same time being the most effective protector of the nostalgias of Stalinism, something that his old comrades in the struggle should not forget. Under these circumstances, Carrillo and his faithful must endure the crossfire of the "Romans" and the "Carthaginians." What is more, Carrillo's detractors assert, he considers the PCE as his personal heritage even if, in order to do so, he has to falsify reality. However, there is often talk about replacing Carrillo; and even the names of the possible successors are cited. First there is Nicolas Sartorius, the veritable "eminence grise" of the worker committees with communist allegiance. An aristocrat, son of the count of Saint Louis, a grandee of Spain, that is perhaps why he is called the "Spanish Berlinguer."

There is also Ramon Tamames, a university professor, economist, writer and brilliant personality. It seems that all this is rather a handicap for Tamames, since the working sector has rejected him. There is Jaime Ballesteros, a deputy and journalist who is said to have been chosen "in petto" by Carrillo himself.

Ballesteros told us:

"There is no crisis among us. Of course, there are problems the origin of which are completely different. In the first place, all the political parties are in the process of formation. The PCE, which had structures entirely appropriate before the transition, has experienced a great affluence of activists since then. That logically has caused problems of internal coherence, with the tensions which that involves. The PCE is made up of different sectors, of different 'geological' strata, I would say. There are activists who were trained secretly in various worker and professional movements. There are also men who came to the PCE through emigration. Finally, there are also men who experienced the Civil War and who are now "the bridge" between the PCE of the Civil War and that of our days. These sectors each have their own cultural and political training and also their own sensibilities. To that, we must add that the process of integration is developing in an agitated political climate, which prevents the leaders of the parties from having the time needed to find solutions to the many problems which they have before them. On the other hand, the PCE is daily becoming stronger. Slowly but surely. Now, that very profoundly disturbs certain political forces who feel the need for exaggerating our problems, of creating veritable dramas.

"As regards the so-called tensions between the 'Euros' and those nostalgic for Stalinism, it should be said here, too, that the Eurocommunist process presents tensions brought on by the existence of certain traditions. This said, I do not believe that a communist party can be found today which has gone further than we on the road to Eurocommunism. I should also like to add that we took this position when we were still underground with the risks of not being understood which that entailed. But it had to be done. It was decisive for democracy and for freedom. Moreover, this decision was perfectly well understood by the majority of the party; and those who are not in agreement have the freedom to say so. Finally, and as regards the succession of Santiago Carrillo, I think this involves mere speculations. He continues to be the man who has the most experience and the greatest capabilities among us."



## LIBERALS, CENTER PARTY MUST COOPERATE BETTER

Stockholm DAGENS NYHETER in Swedish 26 Oct 80 p 2

[Editorial: "Strategy in the Middle"]

[Text] All three parties in the government have clearly stated that they expect their majority to govern with a mandate until the next election in 1982. They are building legally on the election results of 1979 which produced a nonsocialist majority, although just barely.

As the election gained momentum the voters must have clearly understood that the result would be a nonsocialist government. On the other hand it was not understood that there should be a three-party government, with the conservatives also participating. But their powerful progress made it difficult to build a pure center government, which would certainly have been best for the country.

Now the center is locked into a three-party government and bloc policies. If the Center and the Liberal Parties are not to gradually disappear in the hard contest which now appears inevitable between the government and the opposition, they must try to see behind the social democratic agitation rhetoric.

There is a deeply felt concern that the social bargaining is hitting too hard, that unemployment is going to grow much larger than what the government expects, and that the social rifts increase when so little is done against the clever ones in the society who exploit loopholes and legal opportunities in the laws.

It is a concern which many of the voters in the center surely feel. And they believe that these parties in the middle represent another view of society than that held by the conservatives. Otherwise they would, under the then prevailing right winds, reasonably have voted conservative in the election.

If the center parties do not want to be slowly crumbled in government work and see their voters scattered to left and right, they must seize the initiative in government. And that they can only do together. First though they must seriously stand up to the conservatives.

During their entire time in office the conservatives have had their own line in party work outside the government. Their voters believed that the party would really lower taxes, say no to the boat tax, protect villa owners, etc. But for the sake of bourgeois cooperation the party has made a number of concessions.

So the Center and the Liberal Parties have not acted. They have not gone out either before or after their decisions to say what they basically intended to do. Sometimes their loyalty has worked all too slowly.

But it is also much harder for them than for a fringe party to follow two lines. It would then appear that they were being voted down in government. Voters in the center can not be seen with the same equanimity as the conservative voters, who have no other alternative to choose.

One can certainly still say that the government largely follows center policies. But it is not just center policies that are followed. Undeniably the conservatives influence policies by power of their proximity.

There are, in spite of many differences in such things as energy and the family, a number of important questions where the middle parties have opinions which are close together.

The conflict over nuclear power seems to have created power blocs. But they must now be forgotten if the middle parties are to fight back to the middle of the political debate. The last year has clearly shown that one is not automatically in the middle just because he belongs to a middle party.

On several questions Thorbjorn Falldin and Ola Ullsten could reach a common position in order to set the direction of the government. At the same time as this new beginning for middle cooperation is realized it should also be a signal to the conservatives, clear for all to see.

Some such questions could be:

- a powerful investment in employment policies, if unemployment becomes worse,
- quicker and more effective steps against those who derive economic advantage from obsolete tax laws,
- an information policy which protects an individual's integrity but still says no to unreasonable economic transactions and false declarations of contributions,
- investment in alternative energy sources in order to come out of today's dead-lock,
- investment against the serious power concentration in business which in the longer range threatens both the market economy and the possibilities of government control.

If such a common middle policy is publicly presented and pushed through the government, will cooperation with the conservatives break down and the government fall? It is not impossible, but the odds are against it. The thing that comes first with the conservatives is bourgeois cooperation and opportunities to govern from an authoritative position.

That is a weakness in the conservative position which the Center and Liberal Parties have never understood nor tried to utilize. The "limit of pain" which some within the Center and Liberal Parties quickly believe to have been reached, lies much deeper with the Conservative Party. It can tolerate many defeats on issues of fact, so long as it still remains in the government. If the middle parties are to become stronger they must exploit the weakest point of the conservatives.

## PRO-CCP ORGAN REPORTS MERGER OF MARXIST-LENINIST GROUPS

Stockholm GNISTAN in Swedish 24-30 Oct 80 p 12

[Article by Anders Sundelin: "A Break With Tradition"]

[Text] Sweden's Communist Party (SKP) and the Marxist-Leninist Front (MLK) are merging. Ten years of discussion finally seems to be succeeding. "It is a break with our tradition," said Ingemar Eriksson, secretary General of SKP. "The tradition on the left is of course to split apart."

Ingemar Eriksson said that the merging with MLK is progress toward a new attitude, which is growing stronger inside SKP.

"If we can carry this still further it will be a first step toward a new policy relating to friends and allies. Perhaps we can finally attack our differences and eliminate all points of antagonism.

"It should not have taken as long as 10 years. We are basically in agreement on the important political questions. We are both Marxist-Leninist organizations."

The agreement between SKP and MLK is still not all settled. Representatives of the two organizations who sat in the negotiations are in agreement. Now it is up to SKP's coming congress to recognize the agreement. That will give the older MLK members the right to membership in SKP.

MLK - Red Youth

The second part of the negotiations concerns the relationship between Red Youth and MLK. MLK wants both organizations to come together into one. Red Youth says that in principle they favor this unity, but there are matters to be clarified. Discussions will be continued in 1981.

"SKP's self-criticism has been important for this agreement," said Sven Elfstrom of MLK. "Previously it was thought that we would have to dissolve our organization before a merger could be considered. We were of course against that. We had to negotiate on equal terms."

Also Sven Elfstrom said that both organizations agree on the questions which are important just now, especially their view of the situation in the world and the struggle for world peace.

"It is less important that we do not agree on other questions. Such conflicts exist in all societies and organizations."

#### Law Suit

In Gothenburg there is a law suit going on over MLK's newspaper STORMKLOCKAN. Both MLK and the Communist Youth League, the youth branch of VPK [Left Party Communists], claim the right of ownership of the newspaper.

"It is very important that we win this law suit," said Sven Elfstrom. "It is a democratic question. The newspaper belongs to the MLK organization, which is the heir to the Social Democratic Youth Federation, which was formed in 1903 and which later formed the Communist Party in Sweden.

"But it is also a question of the traditions of the Communist Youth League. And there I believe we have something to take with us to Red Youth."

Sven Elfstrom has not heard of any MLK member who does not want to be a member of SKP.

"There is strong unity about this within the organization," he said.

"Which organization will SKP merge with next, Ingemar Eriksson?"

"Right now no further mergers are being considered, but I want to emphasize that the technique we used recently with MLK should apply to all our work. Previously we have had a rather reserved attitude toward popular movements and peace organizations. I hope that we will be able to have concrete and constructive cooperation with all types of organizations.

"We must attend to that which will bring us together, not drive us apart!"





Photo caption: "We must attend to that which joins us, not that which separates us," said Ingemar Eriksson, secretary general of SKP, speaking of the merger with MLK.

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## BRIEFS

FACTS ON MLK--Stockholm, 24 Oct--MLK [Marxist-Leninist Front] was formed when the Youth Federation of the Left split from the Left Party Communists in 1970. But their history began in 1903, when the Social Democratic Youth Federation was formed in a conflict with the anarchists of that time, who believed that czarist Russia "could easily take us if they wanted to." In 1917 the opposition within the Social Democratic Party was expelled--consisting mostly of the youth federation--because they did not follow the party line. It was largely over opposition within the youth federation to Sweden's being drawn into the first world war. The opposition went together in the Social Democratic Party of the Left, which in 1921 was changed to Sweden's Communist Party, and its youth branch became Sweden's Communist Youth League. From 1908 the youth league published the newspaper STORMKLOCKAN. Today's MLK has primarily been active in working for nordic cooperation (including Nordsat) and spreading information concerning the importance of international organizations (including the UN) for world peace. Many members work in trade union organizations and other popular movements. MLK is established in more than 20 places in the country. [Text] [Stockholm GNISTAN in Swedish 24-30 Oct 80 p 12] 9287

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## COUNCIL OF EUROPE KEEPS CLOSE WATCH ON TURKEY

Istanbul MILLIYET in Turkish 2 Oct 80 p 7

[Article by Nusret Ozgul]

[Text] Strasbourg -- The Council of Europe, meeting in Strasbourg for its 32nd assembly of parliamentarians, spent two days discussing the situation in Turkey and the Turkish Armed Forces takeover, and the draft resolutions contained in the report of Austrian parliamentarian Steiner were passed without alteration. In the voting, the Turkish parliamentarians abstained for a variety of reasons, as did the Swiss parliamentarians, contending that the text was too harsh.

With the resolution adopted yesterday, the Council of Europe called on the Turkish government to respect the European human rights agreement, to release as soon as possible the politicians who had not violated pre-12 September 1980 laws and to take measures for a return to the democratic system.

In the advisory resolution adopted for forwarding to the Ministers' Committee of the Parliamentary Assembly, meanwhile, the Council of Europe proposed that the situation in Turkey be watched closely, keeping in constant touch with developments and that the Ministers' Committee remind the Turkish government that article 8 of the Council of Europe charter may apply if the Turkish authorities do not conform to the matters in the appeal. Article 8 allows the Council of Europe to refuse to accept as members, or to expel if necessary, nations in which democracy is not being applied.

The Council of Europe Parliamentary Assembly assigned the committee for political affairs to watch developments in Turkey closely and prepare a report to be taken up at the January 1981 meeting.

## Advisory Resolution

The advisory resolution states the following:

"The assembled Council of Europe desires that the duties of the members of the Turkish delegation remain in force until 11 May 1981, that Turkish participation in the parliamentary assembly be terminated if political elections are not held by this date, that Turkey's participation in the parliamentary assembly be an effective aid in the return to a normal democratic life in Turkey, that the present failure of a large portion of the Turkish parliamentarians to be present at the

32nd assembly meeting be met with concern, that the committee for political affairs be assigned to watch developments in Turkey closely and to make efforts to prevent any restriction on members of the Turkish delegation as to participation in assembly endeavors and that this matter be placed on the agenda again in January 1981."

It was pointed out in this context also that despite restrictions on union freedom in Turkey and some concern stemming from the termination of political party activity and the abolition of parliament, the assembly agreed that the status of Turkish democracy, which had been dragged into crisis, should be met with understanding and that actions aimed at strengthening all democratic institutions should be set on foundations of respect for the principles of democracy and the law.

In a final speech prior to the voting, Turan Guner said, "Survival of democracy in Turkey is the duty of the Turkish people, otherwise no solution can be brought about through discussion in the assembly halls of the Council of Europe."

Debate broke out over the paragraph addressed to the Ministers' Committee in the advisory resolution which was interpreted as meaning "Article 8 shall be invoked to expel Turkey from the Council of Europe if necessary," and some parliamentarians said, "The military must be given a chance to fulfill their promises. This article is damaging to the pride of the Turks and relations between European nations," while others said, "Eliminating it would serve the purposes of the military; they would feel more comfortable in administration."

Some parliamentarians, who described this paragraph as a "threat" to the Turkish Armed Forces, said that it "was not included in the advisory resolution adopted after the coup by the colonels in Greece. Greece was expelled from the Council of Europe after a 2-month waiting period. It is too hasty."

Five proposals for changes in the advisory resolution were defeated in the voting and the advisory resolutions went into effect in the form in which they took place in the report.

#### Ambassador Guner's Response

Ambassador Semih Guner said in a statement to the TURKISH NEWS AGENCY that two-thirds of the parliamentarians who spoke at the council meeting said that the coup d'etat in Turkey had sprung from necessity and that the other one-third had contended that it was a coup d'etat, after all, and that Turkey should be expelled from council membership.

It was requested also through advisory resolutions and directives adopted in addition to the report that Turkish parliamentarians attend the January meeting.

Pointing out that pro-Papandreou Greek parliamentarians were among those calling for Turkey's ouster, Ambassador Guner said that Karamanlis supporters had been content simply to read the government bulletin, but that all the Greek parliamentarians had voted against us in the end.

Ambassador Guner added that four former Turkish parliamentarians had spoken and were applauded at the council meeting.



## Akcali

Former Justice Party Senator Cevdet Akcali spoke during the discussions, asking that attempts to use the new situation in Turkey as an element of advertising be resisted and drew attention to the Turkish Armed Forces' having acted with the intention of restoring peace and freedom to Turkey, out of a desire to retain its place in the Council of Europe. "The effective aid of the Council of Europe is essential for the stronghold of democracy in Turkey," he said.

## Ustunel and Gunes Statements

Council of Europe discussions on Turkey were concluded yesterday and Professor Besim Ustunel, who spoke, said, "Ecevit warned you in this very hall in 1979. He asked for support and assistance to resolve the difficulties. You were silent, but now you are sitting in judgment." Professor Turan Gunes, on the other hand, said, "The military warned us, practically begging us to keep democracy going with the civilian system. But we, although we had a chance to elect a civilian president for the first time, could not do it. We created the vacuum. The civilian parliamentarians should criticize themselves rather than the generals."

Professor Besim Ustunel made a statement stressing that Turkish politicians had made many mistakes, that there had been nothing "tolerant" about the political parties and leaders, that political life and the functioning of the institutions had come to a halt and that an unbridled rivalry between the parties despite various warnings had invited "the army to come." He said, "We had lost the confidence of our constituents. The people wanted the army to come as soon as it could." Ustunel called on the council to "provide support and assistance in the efforts to restore democracy in Turkey, which had become a battlefield between communism and capitalism."

Professor Turan Gunes said, "I am here in the attitude of a man who has lost his job. We are here, not as Turkish parliamentarians, but as parliamentarians of the Council of Europe. Instead of castigating or vindicating the generals in Turkey, it is important to come to an understanding of how and why Turkey reached this point. Most of the speakers are speaking without even knowing what happened." He then stressed that martial law had been declared during a period when his own party, the RPP, was in power and thus the military had been encouraged to take steps toward political life and said, "In any case, it was not the military's fault."

Continuing, Gunes said that the Turkish Armed Forces had warned Turkish parliamentarians on various occasions whenever necessary, that it was not their intention to involve the army in political life and that they had drawn attention to the need for the difficulties in Turkey to be resolved as soon as possible by the civilian administration. "Help Turkey and the Turkish people. Support our return to a democratic regime and to our jobs. But do this, not by publishing useless, theoretical resolutions, but by looking at the facts in Turkey and providing real support. Condemning the generals, force and provocation will not bring a solution for Turkey," he said.

## Toker

Metin Toker said, "There was only one way to save Turkey and that was the intervention of the military." He then accused the two major political parties of failure and drew attention to the need to consider how much damage would be done to the European democracies by expelling Turkey from the Council of Europe. Noting that there was "no need for European parliamentarians to judge the present military administrators who desired only the return to a bloodless democracy and the safety of the citizens," Toker said, "A strong state is now desired by everyone in Turkey. Would it have been better to let the crisis end in a bloodbath?" Metin Toker, implying that the military administration would be able to prepare for the return to a civilian administration by the 1981 elections, said, "We are not people who would abandon ourselves to any government that might come along; we did not come here to take orders from anyone. There is one thing that is certain, and that is that the military will maintain relations with the Council of Europe today just as they were yesterday."

## Committee Chairman Llorca

Spanish Foreign Minister Perez Llorca, speaking as Ministers' Committee chairman at the 32nd Parliamentary Assembly of the Council of Europe, asserted, in touching on the change of administration in Turkey, that the Ministers' Committee would watch developments closely and with concern and said that they had received information from the Turkish authorities as to the intentions for the future of the new administration. He said they had learned that the Turkish Armed Forces intended to "restore the personal freedoms and a secular, republican regime based on foundations of social justice." Noting that he had informed the Turkish military authorities as chairman of the Ministers' Committee of their anxiety and their concern over the restriction of certain personal freedoms and the breaking off of the functioning of democratic institutions, Perez Llorca said, "Bearing in mind statements by the Turkish administrators, I hope that the return to democratic life in Turkey will be realized as soon as possible."

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## COUNCIL OF EUROPE SCORES VISA REGULATIONS

Istanbul HURRIYET in Turkish 3 Oct 80 pp 1,15

[Article by Engin Atac]

[Text] Strasbourg (HURRIYET) -- The subject of the visas applied to Turks by France and West Germany was discussed at yesterday's session of the Council of Europe General Assembly. The General Assembly requested that the Council's decision-making body, the Ministers' Committee, insist upon immediate removal of the visas by France and West Germany and that it call upon other European nations not to take such measures.

A report on the matter, prepared by Swiss representative Muller was voted upon and adopted in the General Assembly. The Muller report expressed concern that other European nations might follow France and Germany and pointed out that this was "discrimination" against a member nation. Muller indicated in his report that these visas were contrary to the purpose of the Council of Europe.

Discussions on the visas were held during the noon hour yesterday when the General Assembly was "free." The majority of the parliamentarians who had carried on about democracy and human rights while the situation in Turkey was being discussed the day before attended the meetings to discuss the visas applied for Turks.

A total of seven persons spoke during the discussions, to which four Turkish delegates also contributed. Only two Germans voted negatively; the rest voted in favor of the Muller report. No French parliamentarians were in the hall, however. Greek parliamentarian Mrs Fleming, speaking in the nature of a vote explanation following the vote and approval of the report, said, "Yesterday, we spoke of respect for human rights. The visa does not conform to the principles of the Council of Europe. I voted in favor of the Muller report for this reason."

Metin Toker spoke during the discussions, saying that it was unacceptable to trample on freedom of movement in Europe which was the one thing of which the Council of Europe was most proud. He said that the reasons advanced, public order, the right of political asylum or the entry of illegal workers, were no more than a pretext. He said:

"One notes a lot of anti-Turkism in Europe. I cannot understand what interest of Europe's is served by keeping 50 million Turks out of Europe. If the Turks have given the impression of meekness before the blows rained upon them, this impression

is wrong. Those who believed that continuous blows could be struck against the Ottoman Empire, which Europe considered the sick man, were surprised by the comeback of the Turkish nation and had to salute the young Republic of Turkey. The reaction of the Turks to treatment of this sort may be late, but it is severe."

Cevdet Akcali also spoke during the discussions, saying, "I do not look at the visa problem as Turkish-European relations. I would like to go into the matter from the standpoint of whether the Council of Europe is true to its own resolutions, its own ideals. Just 1 year ago, the Council of Europe recommended to the Ministers' Committee free travel with an identity card, while placing these visas into effect today destroys in a moment the progress of 30 years." Turan Gunes, meanwhile, said, "When you go in the water, you get wet. Turkey should have thought when it was admitted to the Council of Europe. When a helping hand is needed, the Turks are welcome; when they are a burden, they are pushed out the door," and [Besim] Ustunel said, "The visa question has to do with 50 million people accepted as Europeans. The visa isolates Turkey from Europe. This is the sort of thing that is seen in the Middle East."

#### Delegation Goes to France about Visas

Ankara (HURRIYET) -- Foreign Ministry Spokesman Ambassador Savlet Aktug made a statement yesterday in connection with the West German decision to require visas for Turkish citizens in which he said, "Lifting this visa requirement as soon as possible is a matter which Turkey desires and is insisting upon. The question of what measures could be taken to protect Turkey's interests vis-a-vis its continuation is a matter for examination. This examination is being made."

Aktug said that a three-man delegation headed by the consulate director general, Ildeniz Divanlioglu, had left for Paris yesterday for this purpose.

#### Switzerland Not Considering Visa

Meanwhile, since Turks without visas will begin to be turned back at the French and German border gates as of 5 October, the flood of asylum seekers has now shifted to Switzerland. Officials pointed out that persons who had come to them to date requesting asylum had been given residence and work documents in accordance with the law and said that between 80 and 100 Turks per day had been coming to them requesting asylum since the German and French visa requirements began. Stating that they were not considering requiring visas at present in response to this unexpected increase in the number of Turks seeking asylum in Switzerland, authorities said that the necessary measures in this regard had begun to be taken.

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CSO: 4907



## TURKMEN REVIEWS TURKISH FOREIGN POLICY

Istanbul MILLIYET in Turkish 26 Sep 80 p 3

[Article by Nilufer Yalcin]

[Text] Ankara -- Foreign Minister Iler Turkmen said in a special statement to MILLIYET prior to his departure from Ankara for the United Nations where he will attend the General Assembly, "Greece seems ready to accept the formula to enable it to return to the military wing of NATO whereby no command arrangement will be made in the Aegean until later as the result of negotiations between the two sides." "However," he added, "We are not in a position to say anything definite today about the latest developments in the Greek attitude as the negotiations are going forward between the NATO military headquarters. On the other hand, resolution of this problem will settle a matter which would have a negative effect on Turkish-Greek relations."

Turkmen was asked, "Do you share the view of certain circles that Turkey will pursue a more flexible and concessionary policy from now on in military relations with NATO, Greece and the United States as a result of the commanders' takeover in Turkey?" He replied as follows:

"This opinion is completely wrong. It is a misconception in itself to expect a military administration to be less sensitive than civilians with regard, for example, to the command arrangements in the Aegean Sea, and it is absurd to think this. I think that these speculations stem from the failure to understand the difference between decisive action and the desire to seek out all possibilities through negotiation. The general conditions for negotiations with the Greeks have not changed; it is just that a better atmosphere has been created. For this reason, it is not easy to say before the negotiations begin what areas developments are expected in. The problem is that both sides have their desires. There are some intricate problems; it is impossible to resolve a problem as difficult as the continental shelf at one meeting. In any case, we are going into the negotiations with a constructive attitude, but also without any illusions that might be shattered later."

Turkmen answered our questions on developments in this regard as follows:

"We do not know the details because the negotiations are being conducted at NATO military headquarters. Turkey favors Greece's return to military integration; but realization of this through conditions which do not conform to Turkey's interests and views cannot be considered. Mr Erkmen once expressed the basic grounds for

compromise very well: To return to NATO, Greece must proceed from the point of "no command control areas" in the Aegean Sea. That is, it will be agreed that this command control areas problem will remain suspended and will be developed in accordance with the views of the two sides through negotiations to be conducted later. There have been developments giving the impression that the Greeks are inclined in this direction also, but we are not in a position to say anything definite today. The important problem is how perceptive Greece is of the concept and point of departure I mentioned, instead of putting forth new demands."

The foreign minister pointed out that the Cyprus problem was not being discussed directly between Greece and Turkey, but that the two nations wished to be helpful to the continuation of the communities' negotiation process and said the following:

"There is agreement between the two communities on the basic principles for solution of the Cyprus question. The problem is not simple; the negotiations are extremely intricate and it is not easy to find a common approach between the attitudes of the two sides. However, this must not be considered a stumbling block for energetic continuation of the negotiations. We believe the Turkish community will have a very constructive attitude toward the success of the negotiations. This is the impression I got on my trip to Cyprus."

#### Iran-Iraq War

Stating that "this conflict is most distressing from the standpoint of maintaining peace and stability in the region and the world," Turkmen said, "It is very difficult to make a solid estimate of what the results of this will be. We must not be carried away by speculation."

As to what the Soviet Union might do in the region following this war, Turkmen's views were:

"It is hard to diagnose the attitude of the Soviets. At present, their attitude is watchful and reserved. Basically, the forces which the two sides have are not conducive to a long war. As to Turkey's suggestions and proposals to the two nations as friends and neighbors: We indicated our concern over present developments. It is necessary that we evaluate carefully how any initiative would be received by the two sides and whether it would be beneficial."

#### U.S. Agreement

Asked whether the Turkish-American Defense Cooperation Agreement would be approved by the military administration, Turkmen replied as follows:

"The Turkish and U.S. governments and parliaments supported this agreement. The reason why the Turkish Grand National Assembly had not yet passed it was that the parliament was embroiled in a variety of debates. This problem has not yet been taken up by the new administration. However, it probably will be and will be ratified. There are no outstanding problems today in this regard."

## Relations with Israel

Asked how Turkey would respond to the decision at the last Islamic Conference in Morocco for all member nations to launch a holy war against Israel and prevent its representation at the United Nations and whether complete severance of relations with Israel were likely, Turkmen said:

"It is necessary to look at what the United Nations will do in this regard before what Turkey will do. Adoption of such a resolution depends on its passing the Security Council. A council decision is necessary for a nation to be deprived of membership. Of course, it is known that certain states have the right of veto in the council. Therefore, it does no good to express views on a matter which is not germane at the moment. Nevertheless, the Islamic nations have dwelled on an effort intended to prevent Israel's attending the General Assembly. The method of doing this is not to recognize the documents authorizing Israel's UN representatives. Those concerned must be consulted about the form of implementing this. Turkey has made its attitude on Jerusalem completely clear. We will be attentive to how closely Israel complies with the UN resolutions on Jerusalem."

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## ULUSU, ERSIN DISCUSS NEW ADMINISTRATION

Istanbul MILLIYET in Turkish 1 Oct 80 p 7

[Text] Ankara--At yesterday's meeting, the National Security Council discussed the government program developed under Prime Minister Bulend Ulusu's leadership and approved it as presented.

At the National Security Council meeting, which was held at 1500 hours yesterday and which was closed to the press, council member Ground Forces Commander Gen Nurettin Ersin gave his views on the government program and stated that he believes it will bring about the solutions that have been desired for years. He asked that every effort be expended in order to achieve this.

In his speech, Ersin said, in summary:

"The program clearly describes the extraordinarily difficult situation in which Turkey finds itself in 1980 and all the factors that hamper the state. The government that was formed is not a party government. It is the hope of all of us nationalists that this government, which is made up of valuable colleagues who have set out with a great love for service to the nation, be successful.

"The problems that exist in our nation and the recent developments in neighboring countries further increase the responsibility that has been thrust upon us, and we are left face-to-face with an historical duty. The Turkish people are a loyal people. The Turkish people have perceived danger with their unique common sense and expect from us the achievements that they hope will be made. Everything must take place in the direction of their choice. Measures included in the program must be instituted promptly.

Source of Bribery Must Be Eradicated

"Principles that will bring about a system in which services to our people performed by the state are just, impartial, and provide security to citizens must be dwelt upon with great sensitivity. The source of bribery and



favoritism, which lay the groundwork for anarchy within the state, must be wiped out.

"One of the most important reasons for the disorder present in Turkey today is the chaos and lack of organization that exists in the economy. Low productivity at the same time the population increases each year, the unjust distribution of the sources of national income, and a faulty wage policy discomfort our people to a wide extent. Measures that will ease the difficulties in earning a living must be taken quickly.

"Revision of the tax laws to include all economic activities, to ensure tax justice, and to prevent loss of tax revenues will be a positive action.

"The government program also includes laws that we deem beneficial to enact. That which is necessary in order for the measures that will be drafted to produce prompt results will be done."

Later, following the vote on and approval of the program, Prime Minister Uluu gave a speech of appreciation and said, in summary:

"As I pointed out in this program, there are, today, two major problems that our country must solve quickly. One of these concerns the struggle with anarchy, terrorism, and divisiveness; the other, the economic difficulties we face.

"Inspired by Ataturk's principles, it is our major goal to protect the reforms achieved by our great leader from all types of attacks. Within these general principles, we will promptly take the necessary legal and administrative measures in order to defend the Republic of Turkey, which is an indivisible unit, against internal and foreign enemies. It is our basic aim for the Turkish people, who are joined together in destiny, joy, and grief, to attain the peace and security they deserve.

"It is our most sincere wish to establish an administration that is impartial before its citizens in the full sense of the word, yet is also one that stands by the state and is at the command of the great Turkish people.

#### Tax Justice

"Steps necessary to take healthy measures to attack the economic problems facing us, to increase production, and to use our national resources in the most productive manner in the shortest possible time are underway. With this goal in mind, the necessary legal and administrative measures will be promptly developed in order to ensure tax justice and to prevent loss of taxes.

"We will continue to perform our duty with the purpose of applying, with confidence, the government program we submitted 27 September 1980 and, in

this way, of helping the great Turkish nation attain the order, well-being, and good fortune it deserves."

State Chairman and Chairman of the General Staff and the National Security Council Gen Kenan Evren held an official reception at 1730 hours for the Council of Ministers, which gave its vote of confidence. National Security Council members and the secretary general were also present at the reception.

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## RETIREMENT ISSUE RETURNS TO FOREFRONT

Istanbul HURRIYET in Turkish 5 Oct 80 pp 1,13

[Text] Ankara (HURRIYET) -- The National Security Council [NSC] has freed for retirement those public personnel who wish to retire for age reasons or fulfillment of the service period, but has extended for 1 year the retirement of members of the Armed Forces who have fulfilled their waiting periods in rank. While the number of prospective retirees among civil servants is increasing, many public personnel are reportedly waiting for the retirement premium to go up.

Thousands of workers covered by Social Security who have fulfilled the period of service necessary for retirement are said to be wondering whether to retire because of rumors that severance pay is going to be cut.

As soon as the NSC decision on public personnel was announced, the Retirement Fund was flooded with applications.

Many civil servants, however, are wondering whether to retire, although they are eligible, waiting to see whether the retirement premium which is a stipend given for each year of service will be doubled.

Officials report that thousands of civil servants, uncertain as to whether the retirement premium will be raised from 30 to 60, are tired of waiting and will apply to the Retirement Fund for immediate retirement. They say the following:

"If the retirement premium is raised to an increment of 60, the fat in civil service will automatically return to normal, but the retiring civil servant cannot buy anything with the pension he gets today. The retired civil servant used to be able to get a modest apartment with his retirement pension. One can get nothing with the present pension."

Pointing out that the NSC decision had postponed for a year retirement procedures for those in the Armed Forces whose time in rank is up, the authorities said that this situation made it easier for members of the Armed Forces.

Meanwhile, work is going forward in all ministries in compliance with the government's first decision, entreating, "Let us work quickly, but not in haste." According to information obtained, ministry activities may be summed up as follows:

## Agriculture-Forestry Ministry

Agriculture and Forestry Minister Professor Dr Sabahattin Ozbek said that in these days when agricultural production and agricultural products were gaining renewed importance throughout the world, "Turkey has sufficient agricultural produce to supply its own needs and have a surplus, there will be no shortages of agricultural produce, all agricultural surpluses will continue to be exported and the prices of agricultural products will not exceed the people's ability to pay."

Answering HURRIYET's questions in this regard, Agriculture and Forestry Minister Professor Ozbek pointed out that "Turkey is one of seven nations in the world completely self-sufficient as to agricultural production" and said, "All agricultural products are at a very good level this year."

The minister also said that except for cattle and beef, the export of agricultural products would continue, including sheepmeat and live sheep.

Announcing the principles of the national agriculture policy which would be implemented through providing the food requirements of the people, increasing use of agricultural production for the benefit of the nation, the practice of soil conservation and protection of the producer and the consumer, the minister pointed out that "the rate of development of the agricultural sector will strengthen economic development, being kept at such a level as not to stimulate inflation and bottle-necks in the economy, and gave the following detailed information:

"Increasing production of all types of food so as to improve nutrition and especially to ensure balanced nutrition and to make sure that prices do not exceed the ability of the consumer to pay will be basic. New job opportunities will be opened up by developing labor-intensive branches of agriculture, thus helping to prevent migration from the village to the city. The necessary measures have been taken for the distribution of agricultural credits so as to meet all needs and get to the farmers on time. All of the fertilizer to meet the farmers' needs for the fall of 1980 is in stock and distribution has begun. There will be no fertilizer shortage. The seed stock necessary for use in 1980 fall planting has been prepared. Intensive efforts are continuing to get it to the farmers on time."

Ozbek said that among the things to be done were preventing the use of agricultural lands for nonagricultural purposes, ensuring that existing feed mills operate at full capacity in order to meet the growing demand for feed and, in connection with this, to step up artificial insemination efforts. "The guarantee and support price mechanism now in effect will be watched closely and made more effective," he added.

## Industry Ministry

Industry and Technology Minister Sahap Kocatopcu pointed out that a decision had been made ordering the completion with speed and priority of 20 important factories which were unfinished owing to the financing squeeze. "Four factories will begin operation in 1980 and 16 in 1981," he said.

Industry and Technology Minister Sahap Kocatopcu said in a statement to HURRIYET that the uncompleted projects which would begin operation in 1980 were the export units of the Izmir Factory, expansion of the Taskopru Hemp Factory, Bozuyuk Ceramics Factory II and the Filyos Fire Brick Industry facilities.



Kocatopcu pointed out that production had been declining steadily since 1977, with the level at 9 months in 1980 below that of last year. He said:

"The failure to increase production stems from financing difficulties, fuel problems and the disarray of the economic conjuncture. The lack of social peace is also among the reasons. Increases in production since the 12 September action are extremely high. This is the result of the thirst for labor peace, the longing for peace."

Industry and Technology Minister Sahap Kocatopcu said that he was being briefed by the managers of the Public Economic Enterprises attached to the ministry. Noting that he had received information from Sumerbank first, he said:

"Sumerbank has 443 stores. It is a very important state establishment. This establishment, to which Ataturk gave its name, is important as to our development. We have only to examine the investment status of this organization to see that investments are short."

"Sumerbank investments were envisaged at 7.6 billion liras for 1980. As we enter the 10th month of 1980, 2.6 billion liras have been invested. A significant portion has not been used. Our production trends are down as a result of incomplete investments and the failure to make them on time."

#### Customs and Monopolies

Customs and Monopolies Minister retired General Recai Baturalp said there would be a law on the manufacture of cigarettes in Turkey by the private sector and foreign firms. Pointing out that this matter is included in the government program, the minister said that he did not believe cigarette manufacture in Turkey by the private sector and foreign firms would do the Monopolies any harm.

Noting that every measure had been taken and was continuing to be taken to alleviate the cigarette shortage in Turkey, Minister Recai Baturalp said the following in this regard:

"Despite the sizable increase in production, the cigarette problem persists because of irregularities which occurred earlier. The Monopoly's duty is to get the items produced to the public quickly. Production increased, only minor hitches in delivery have to be eliminated. The problem is 90 percent solved. It is no longer hard to find cigarettes. Our goal is to wipe out this problem. We will do this. I have given the necessary orders to accelerate cigarette factory investments. The first thing is to get the Akhisar, Tokat and Samsun cigarette factories into operation."

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## 'CUMHURIYET' DISCUSSES NEED FOR IMMEDIATE REFORMS

Istanbul CUMHURIYET in Turkish 7 Oct 80 pp 1,7

[Article by Ugur Muncu]

[Text] We have reached the present by shelving, for 30 years, all of our problems. During those 30 years, all of the economic and social problems were set aside to the distant future. Land reform was postponed. Laws that would achieve just taxation were postponed. Problems related to the monetary rights of public employees were postponed. Laws to arrange for a minimum wage for workers were postponed. Now we look at the impasse and ask ourselves:

"How can the situation be improved?"

It cannot be improved easily. Look at our foreign debt. Our foreign debt and interest on it total \$33 billion today. The past administration's point of view on the foreign debt was, to put it bluntly:

"For goodness sake, let us postpone our debt this year."

Postponed debts were piled one on top of the other. Interest, which was added to the principal, exceeded the principal before long. Debt was added to debt, interest was owed upon interest, but the solution did not change:

"Let us postpone it this year as well."

It was postponed last year. It was postponed the year before that. It was postponed this year. Well, then, what will happen in the future? One of these days won't the foreigners become fed up with us and demand this money? Certainly, they will. What will happen then?

We postpone thinking about it until that occurs.

The enormous Ottoman Empire collapsed in this manner. Foreign debts were piled one atop another. Creditors knocked on the door one day, formed an

"international mortgage association" called the "Public Debt," and seized the Ottoman treasury.

The new administration that came into existence with the 12 September takeover is faced with these problems that have been postponed and the burden of a foreign debt of \$33 billion that has been postponed time after time. Future price increases per barrel of oil from the petroleum-producing nations and the higher invoices for the foreign purchase of oil will also raise this financial burden. Then, what will happen?

If there is no course left for an economy other than to postpone its foreign debt, then this means that all the methods to extricate it from its economic problems have been exhausted. The foreign debt increases day by day, and each day brings with it new burdens in the way of foreign purchases of oil. If, in the meantime, competition for interest between bankers and banks, production, and, consequently, foreign purchases does not increase, what will happen?

We have reached the present day by postponing problems, by putting off solutions to the distant future instead of solving problems, each and every problem, at the time, instead of dealing with them step by step, instead of digging down to the essence of large problems, of basic problems. Now, what will happen?

To expect the new administration, which has proclaimed that it is temporary, to solve instantly all of these long put-off problems is unjust and is as unfair as it is unjust.

There are some problems that will take years to solve. There are other problems that will require less time than that. For example, it will take 20 or 30 years to extricate the country from the foreign-debt quagmire even if we utilize the most radical methods. And some problems, such as the drafting of an election law, can be solved in a few months.

Moreover, throwing the burden of all the postponed problems on the shoulders of the new administration will push it, like it or not, into using a second plan in the war against the sources of terrorism.

While the leader of the 12 September takeover is saying, "We will turn over the administration to the civilians within the shortest possible time," our civil servants are writing, "Please, remain a while longer."

There is a rule among the military, "A mistake in deployment strategy affects the outcome of the war." Our civil servants have amassed before the soldiers all these problems that have been put off for years and now say, "Solve all of them immediately."

An administration that proclaims to be temporary cannot be expected to solve all the political and social problems that have been shelved.

Solving these problems is the job of a civilian administration. We hope that, henceforth, a civilian administration will not add new delays to the postponed problems.

If it does, there will be no end in sight. Absolutely no end at all.

11673

CSO: 4907



## CALL MADE FOR EDUCATIONAL SYSTEM TO SERVE NATION

Istanbul CUMHURIYET in Turkish 6 Oct 80 p 3

[Text] Ankara--Interuniversity Council Chairman Prof Altan Gunalp asserted that "the most conscientious actions must be taken in order to bring about basic reforms in the educational system such that it will meet the needs of the country and in order to raise all of the nation's institutes of higher education to the highest possible standards."

In a statement to CUMHURIYET, Professor Gunalp defended the view that the throngs of potential students waiting to get into schools of higher education are the result more of the extremely large difference between the rate of population growth and the rate of economic growth than of the low capacity of institutes of higher education.

Gunalp spoke on the topic of preventing hordes of potential students from gathering in front of the institutes of higher education. He said, "In my opinion, it is not possible to solve the problem by merely increasing the capacity of the institutes of higher education. It is necessary to bring about a balance between the rate of population increase in Turkey and its rate of economic growth, to make basic reforms in the educational system that are directed toward the needs of and realities that exist in the nation, and to have our educational institutes become more realistic, more utilitarian. Of course, there is no magical formula that can achieve this in 6 months, in a year. Results will be possible after many long years of conscientious work."

In response to the question, "Rather than increasing the quotas at institutes of higher education, it is, is it not, one of your proposals to increase the quality of instruction?" Gunalp replied:

"The mere increase of quotas will serve no useful purpose. Quotas must be raised in places where this is necessary, and trained manpower to meet needs must be ensured. However, in addition to this, it is necessary to guarantee that attention is not concentrated on increased quotas and that standards and quality of graduates from these institutions do not fall. In other words, the most conscientious actions must be taken in

order to raise all of the nation's institutes of higher education to the highest possible standards. Furthermore, it is necessary that our educational system at the levels prior to higher education seek to be realistic and practical."

#### Two-Phase Examination

Gunalp announced that it has become necessary to give the 1981 university entrance and placement examination in two phases and explained the reason for this. He said:

"The transition to the two-phase system will be an improvement over the student selection procedure that is applied at present, will solve some of the problems that are the result of the difficulties in application, and will make it possible for a candidate to make a more realistic choice of a higher education program."

#### Reducing Number of Applicants

Speaking on the topic of limiting the number of persons taking the university entrance examination, Gunalp reported that no decision on this issue has been made at present. He said, "However, intense work continues on the question of whether or not it would be possible and whether or not it would be beneficial to limit both the number of candidates that take the examination and the number that have the right to do so."

Professor Gunalp announced that the first phase of the university entrance examination, which will be given in two phases next year, will take place in April each year, and the second will be given in June.

Gunalp, who noted that the period in which to apply this year is from 17 November to 1 December, reported that examination guides will be sent to the directors of all lycees and equivalent trade schools at the end of October.

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## EVREN SPEAKS AT WAR COLLEGE CEREMONY

Istanbul TERCUMAN in Turkish 1 Oct 80 pp 1,9

[Text] In a speech given during the ceremony held to mark the beginning of the academic teaching year at the Ground Forces War College, State Chairman and Chairman of the General Staff and National Security Council Gen Kenan Evren stated, "We undertook the 12 September action within a chain of command in order to save the army from politics and to keep it from being involved in politics." Evren said, "We are expending every sort of effort so that the ranks below us do not become involved in politics. Within a very short time, after true democratic rule is instilled in our nation, we will return to our basic duties."

Evren pointed to the 12 September takeover as an example of the necessity for students not to become involved in politics and for them to be conscious of the fact that they are soldiers first.

## You Are Soldiers First

State Chairman and Chairman of the General Staff and National Security Council General Evren asserted that there is no need to pursue any "ism" other than Kemalism. He said:

"Great soldiers, great commanders, great statesmen were educated at this school. There is no doubt that among you are great commanders, great soldiers, and great statesmen of the future. Never forget, however, that you are soldiers. First of all, you are soldiers.

## Army That Mixes in Politics Collapses

"My sons,

"Beware, in this day and age, against involvement in politics. If we are thrown into politics today it is because we are required to be so in order to extricate our country, as always, from the disastrous situation into which it has fallen. Our great leader, Ataturk, exhorted us to do this.

But, whenever an army enters politics, discipline slowly begins to weaken, and the army slowly begins to collapse.

"We can see the most obvious example of this in our recent history in the Balkan War.

#### We Will Return to Our Basic Duty

"For this reason, use our takeover as an example, and beware against involvement in politics. We undertook this action within a chain of command in order to save the army from politics and to keep it from being involved in politics. If we had not done this, the army, as it had done previously, would have entered politics. Look carefully. We have accomplished this with a five-person chain of command. We are expending every sort of effort so that the ranks below us do not become involved in politics. And we are determined to return to our basic duties within a short time, when true democratic rule is instilled in our nation.

#### Kemalism Only

"Friends,

"During these times, a great number of persons will approach you, seeking to indoctrinate you with 'isms,' with ideologies. We are very well aware of them. If it is necessary to be indoctrinated with an 'ism,' an ideology, it is Kemalism, the ideology of the great leader, Ataturk. Adopt this, for the principles set down by Kemalism brought enlightenment to us. The instant we began to deviate from it, we began to be buried in darkness. Whenever we deviated, we faced continuous disaster.

"We have become an example before the world. We set aside Ataturk, who was used as an example by underdeveloped countries. We set aside Ataturk, our own leader, and began to follow leaders of other nations.

#### Powerful Turkey Discomforts Everyone

"The world is changing so rapidly that the mode of war has changed. What is sought is to destroy nations internally through variations of civil war. If one nation's form of administration is transformed into a form close to one's own nation's ideology, it is no longer necessary to occupy the former. This is the policy being attempted by our enemies. A Turkey with a gradually increasing population that is gradually growing in power will and does discomfort a large number of countries. A developed Turkey with 45 million people today and 60 million 10 years hence, a Turkey with a large population, will be a constant source of worry for them.

"In that case, what will they do? Divide, separate, devour. This is their policy.



"Every sort of effort has been made to divide the people, who have lived together side-by-side for centuries, for over 600 years, through distinctions such as, 'You are a Kurd.' 'You are a Laz.' 'You are a Circassian.' We, wittingly or unwittingly, have become tools for these people.

"Young students of the war college,

"Turn your heads, close your ears to these types of 'isms,' in which they wish to indoctrinate you. Turn your backs. And always use your minds. In this day and age, you may believe that you are extremely knowledgeable. However, when you are thrown into life, you will see that great experience, which cannot be measured in any way, is far superior to the knowledge you have gained. For this reason, believe in and trust your commanders, your experienced commanders."

#### Ceremony

The ceremony held at the Ground Forces War College to mark the beginning of the war college's new academic year began at 1000 hours.

State Chairman and Chairman of the General Staff and the National Security Council General Evren was greeted by Ground Forces Commander Gen Nurettin Ersin and a military salute upon his arrival at the war college. Prior to the opening of the ceremony, Evren, National Security Council members, the council's secretary general, several ministers, former chairmen of the General Staff, and former commanders of the ground forces met and chatted awhile in the Honor Hall.

At this time, State Chairman Evren said, "I deserve one. I will now have a cigarette," whereupon council Secretary General Gen Haydar Saltik offered Evren a cigarette and lit it for him.

Evren conversed with former members of parliament Irfan Ozyaydinli and Faik Turun, former chairman of the General Staff Semih Sancar, former commander of the ground forces Eser Akinci, and with others who had been invited to the ceremony. From time to time, various ministers joined in the conversations.

The guests later went on to the war college auditorium and took their seats. After the commander entered, an officer assigned to the state chairman called the audience to attention.

The ceremony began with everyone singing the Turkish National Anthem.

The opening speech was given by the college commander, Major Gen Irfan Yay. Yay recited the history of the war college and advised the students, stating that the youths have the strength to defend, from the heart, Kemalist reforms and principles and the national and moral values of the Turkish people and to battle all elements that are enemies to these.

Education Council Chairman Staff Col Ahmet Unver presented information regarding the college's system and the academic program that will be used this term.

Later, the college commander, Major General Yay, taught the first class entitled, "Subjects that Will Be Treated with Sensitivity."

Following State Chairman Evren's speech, the guests were taken to the Honor Hall for a period of time. State Chairman and Chairman of the General Staff and the National Security Council General Evren was bidden farewell with a military salute.

#### Uluslu's Message

Prime Minister Bulend Uluslu sent a message to the college commander, Major General Yay, on the occasion of the ceremony that marked the beginning of the academic teaching year at the Ground Forces War College.

The message, in which Prime Minister Uluslu expressed his gratitude for the invitation to the ceremony, read:

"I fully believe that the duty of the Turkish Armed Forces will be carried out through the capable commander and teaching staff of our Ground Forces War Academy, who bear the function of educating soldiers that are bound to Kemalist principles, who have character, and who are sound in mind and body.

"As the new academic year begins, I send my regards and wish success to each faculty member and to every student."

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CSO: 4907

## EVREN GIVES MILITARY PERSPECTIVE ON COUP

Istanbul HURRIYET in Turkish 3 Oct 80 pp 1,13

[Excerpt] Van (HURRIYET NEWS AGENCY) -- In his first outdoor public address, Head of State, National Security Council [NSC] Chairman and Chief of Staff General Kenan Evren, explaining directly to the people of Van the meaning of the "12 September Action," said, "We could not let this land, washed in the blood of our martyrs, be abandoned. This land belongs to all of us." "We did not, and do not, ask for this present duty," he added.

Head of State, NSC Chairman and Chief of Staff General Kenan Evren said the following in his speech yesterday:

"My beloved neighbors of Van,

"I address you, calling you 'neighbors,' because this homeland is one for all of us. And each citizen is the neighbor of us all. Therefore, I call you my neighbor as a citizen of Van.

"This is the third time in 2.5 years that I have visited this beautiful city of ours.

"The reason I have come is not to get your votes; I have come to check on the measures being applied at this time everywhere in the country. But I could not let myself come to Van, though in connection with these measures, without addressing you. Therefore, I stand before you.

"My beloved citizens,

"I said at the beginning of my remarks that I had not come to get your votes. I talked with you for a half hour on radio and television in the statement I made on the morning of the 12 September action, explaining how we got to this point and why we had to carry out this 12 September action. I felt the need, however, to speak with you once more face to face on these points.

"We have misunderstood democracy and the parties, which are essential organizations according to our constitution. Being members of a party, we had begun to look at other party members as enemies. The people of this land were divided into as many parts as there were parties. They no longer had coffee together, they no longer intermarried, father and son in the same family could not talk together, they had begun to look upon each other as enemies.

"This was not democracy. Foreign powers then found the perfect climate for exploiting this and brainwashed our children, gave them guns and turned them loose. They succeeded only in shooting one another. The sons of this land began losing their lives in vain at a rate of 20, 30 a day.

#### A Long Time

"We put up with this for a long time. We explained measures to prevent it; we told everyone we could what had to be done. We told them, but to no avail.

"A terrorist with a gun in his hand could shoot the poor soldier, the poor policeman, the gendarmerie sons of this land with impunity. But anyone who wanted to use the police, the gendarmerie, the military against the terrorist could not do so. As soon as he did, he was thrown into jail.

"We were unable to rectify these things. Democracy is not to say a regime which allows anarchists to do what they want like this. We were forced to take this action in order to prevent this shameful partyism, indeed to bring about the true democracy for which the country longed, for which every citizen longed. We took the administration of the state into our hands but we do not intend to govern this country for years, this is not our duty. We are very well aware of this. It is not in the policy of the Armed Forces; but our hearts would not let us knowingly abandon our citizens to such conditions any longer. If we had waited longer, believe me, we would soon have been in a civil war. We would have been at each other's throats. And we have an authorization given to us by our domestic service law.

#### We Waited Too Long

It is the duty of the Armed Forces to preserve and protect the Republic of Turkey. We could not stand by when the Republic was endangered, when this land, this flawless land which Ataturk entrusted to us was endangered. We had either to take this action or get out. We waited too long, as I just said. We waited too long, thinking, 'They should do it themselves, they should get together and save this country from the misfortune which has befallen it.' But it did not happen.

"After that, they began to exploit our religious beliefs. They began to say that secularism was wrong. They began announcing: 'Secularism is atheism...' They were getting to the citizens. My beloved citizens, secularism is not atheism. Who, to date, has opposed the religious belief of any citizen? Whose worship has been interfered in? Which mosque has not been allowed to be built? But they exploited these things in order to get votes, for the sake of three or four votes. They said, 'Religion is dying.' We know those who began to perform the prayers and to fast for appearances. A man is not a Muslim just because he prays, fasts and goes to Mecca. Let him have a pure heart; purity of heart is essential.

"My beloved citizens, I am the child, the son of a Muslim teacher. I know quite well what religion means. It is not what they say it is. Indeed, my beloved countrymen, my beloved citizens, those who exploit religion on one side and set the people against each other with partisanship on the other side brought the country to this state.



## Arms Smuggling

"Economic problems reached the limit. Certainly, for anyone with designs on us, for enemies who wanted to divide us, there could have been no better opportunity than this. They began sending in as many weapons as they could. Arms smuggling got so bad that if we could organize the arms we have collected today and give them to a unit, we could probably equip a division.

"And weapons are still being confiscated. Where are they coming from? In any case, it is not an enemy nation which loves us, which is in a passion over our dark eyes, sending them. Therefore, I know you, beloved people of Van; the Van region is one of the stablest, most loyal regions of the country. We encountered no incidents here, either before martial law or during martial law. It is as a citizen that I say these things to you. I am not here after all to say there were incidents here.

"Van is the darling of our eastern regions. If it is less developed than many areas in the east, this has been caused by the political investments and has to do with the structure of these regions. We do not discriminate otherwise against any region within the borders of the Republic of Turkey.

## This Is Our Land

Every inch of the soil of this land has been washed in the blood of those who fell in battle. This is the blood of the easterner, the westerner, the northerner, the southerner, the people of the Black Sea. Then this land belongs to all of us. Everyone who lives on this soil is a son of this nation. And all must live arm in arm.

"Dear people of Van, you now have another duty. If we look at those whom we call anarchists, they are all between 16 and 25 years old. Why? Because these are impressionable years. Therefore, you have a great duty as parents and guardians. Pay close attention to your children. Pay close attention to where they go, what they read, what they do.

"We also have teachers here. And I say to them: Educate our children whom we entrust to you, these babes who come to you immaculate, teach them to love their country. Educate them to be worthy of this nation. Don't instill a lot of ideologies to make them enemies of each other. This means that the nation is in the hands of the respected teachers alone. We all learn from them. But you, the parents, tell us about the teachers who do not do this. We will deal with them accordingly. We will duly punish those who do not heed this, and we will give our lives for our teachers who endure all for this country, this nation. But for those who do not, we are determined to leave no stone unturned, as I just said.

## Our Duties Will Go to Parliamentarians

"Dear people of Van, before concluding my remarks so as not to keep you longer under this sun, I would like to say this: As I have said everywhere, we, the five members of this National Security Council, do not intend to remain long in this office. We did not seek it, and, God willing, we will turn over our duties, unblemished, to the parliamentarians who will follow us, as soon as the legal

revisions -- the electoral system and the parties law -- which are to be done as soon as possible, and the constitution are completed. You can be sure of this. It is not our desire to be in the seat of government. This is not our ambition; you know that.

"You know, from many times in the newspapers, that whenever my name was mentioned in reference to the presidential election, I said, 'I am not a candidate.' My eye is not on the presidency. I do not wish to be in the running for this office. I have come here only because I have to. You can be sure of this. My whole duty is for the more perfect welfare and peace of this country, this nation. I wish you the best, on behalf of myself, my colleagues on the Council and the entire Armed Forces. I wish you all good tomorrows, brighter days, health and happiness."

The people, packing the area from Government Square to Pier Road, gave General Evren a send-off with a great demonstration of affection following his speech.

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CSO: 4907

## CONTRACTING FOR WEAPONS MODERNIZATION COMPLETED

Istanbul MILLIYET in Turkish 5 Oct 80 p 6

[Article by Nilufer Yalcin]

[Text] Ankara — Contracting has been completed for the purchase from West Germany of Leopard tanks and Milan antitank rockets and for tank modernization projects as the result of obtaining 600 million marks from this nation for the purpose of raising the defense strength of the Turkish Armed Forces, and personnel training and manufacture of the weapons have begun. It was pointed out that the West German Defense Ministry Arms Technical and Procurement Office negotiated and followed up on Turkey's behalf the procedures related to the Leopard tanks, Milan rockets and tank modernization projects and also signed the contracts with the German firms. The contracts state that the arms will be delivered as manufacture is completed and specify delivery dates. Work in connection with the tank modernization project has begun at the Adapazari tank assembly and maintenance facilities and the materiel needed for converting tanks to diesel fuel has been determined. Full delivery of the Leopard tanks and Milan rockets is expected within the next 3 years.

Meanwhile, seven defense industry projects outlined by the National Defense Ministry and the General Staff based on the Defense Industry Cooperation Agreement contained within the framework of the Turkish-American Defense Cooperation Agreement have been found "necessary and feasible" by the United States. An eight-member delegation from the U.S. Department of Defense will come to Ankara on 15 October to work out details of these projects and discuss cost and financing problems. The delegation will be headed by Dr Garber, the U.S. Department of Defense undersecretary for programs and projects, and will include two major general concerned with the department's procurement affairs, it was learned, and the deleg. will be in Ankara for 2 days.

The projects include modernization of the Kirikkale installation and tank maintenance facilities, development of a rocket industry, the manufacture of electronic devices and similar activities, and although they are considered feasible, it is pointed out that domestic and foreign financing problems are not yet firm, that the United States has no funds available except FMS credits and that since FMS credits provided Turkey as military aid are only at the level of \$250 million per year, there is not much money to allocate to joint industrial projects.

According to American sources, "There is no special fund available today for these projects; however, each facility will be examined individually during the meetings in Ankara and, after determination of how much of what kind of machinery and equipment will be needed, allocations will be made for these projects from surplus equipment stocks in the United States. Turkey will pay only the shipping fee on them. It is possible that there would be nominal fees for the machinery and other needs supplied from surplus equipment stocks."

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CSO: 4907



## SEARCH FOR OIL RESERVES INTENSIFIES

Istanbul MILLIYET in Turkish 6 Oct 80 pp 1,6

[Text] Oil exploration has been stepped up with the formation of the new government by Prime Minister Bulent Ulusu, and certain companies have been given new oil exploration permits for this reason.

In this connection, the Shell Company reportedly will begin oil exploration immediately under two new permits obtained for the Agachan site in Siverek District of Urfa. The two licenses which cover 59,000 hectares of land in the vicinity of Agachan were given to the Shell Company on 3 October by the Petroleum Affairs Directorate General, it was announced. The Shell Company will reportedly begin assembly efforts on the newly licensed fields in 1981.

## Present Status

It was learned that as of 31 December 1979, 270 exploration permits had been given in Turkey for an area of 13.933 million hectares. The TPAO [Turkish Petroleum Corporation] holds 243 of these licenses. Distribution of the remainder is as follows:

TPAO-N.E.T. Shell, 6 permits; NV Turkse-Shell, 1; Alaaddin Middle East, 1; Durchester Gas Corporation, 1; Turkan-Kan Petrol, 11; Ersan Petrol, 2; Tarko, 5.

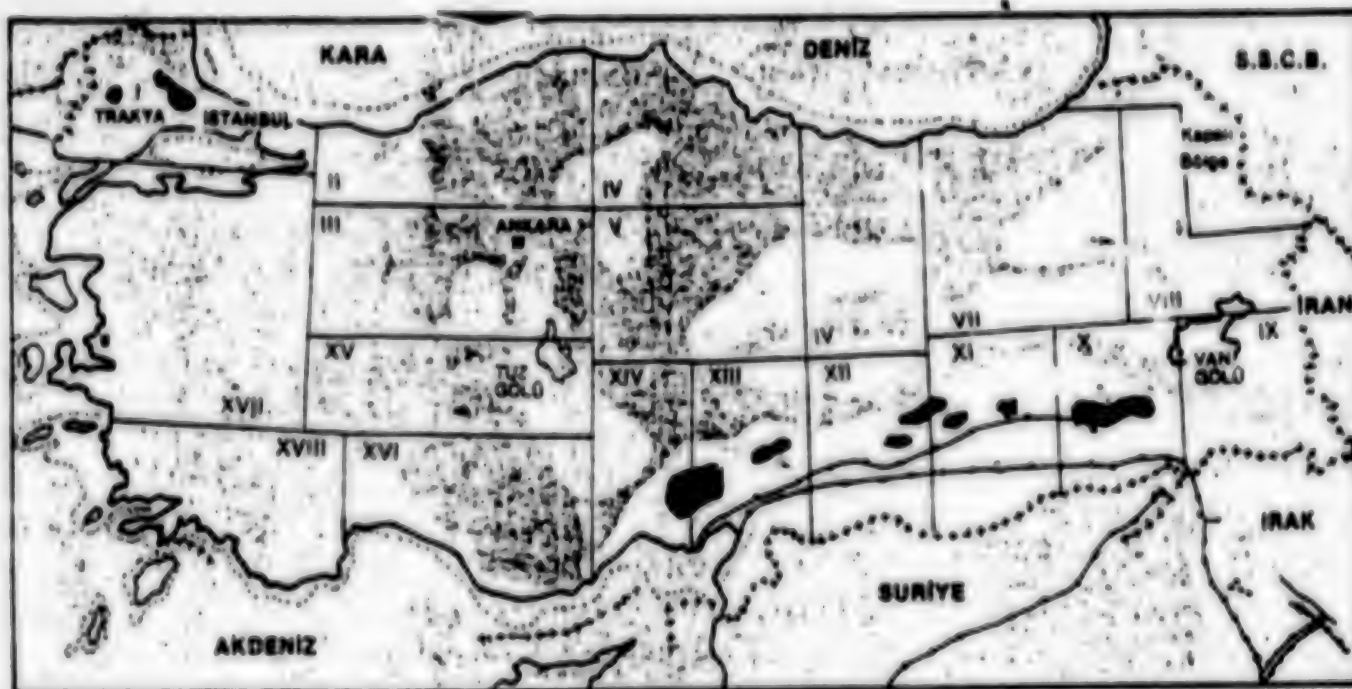
At 62 TPAO wells in these areas, 108,782 meters have been tested, and the others have tested 24,582 meters at 15 wells.

According to information obtained from the authorities, the average depth of oil testing wells in Turkey is 1,732 meters. These figures show that the companies other than TPAO opt for shallower test drills. The distribution of Turkey's crude oil production in 1979 was as follows:

TPAO, 1,151,898 tons; Ersan, 2,232 tons; Mobil, 296,428 tons; Shell, 1,382,913 tons. According to this, total production in 1979 was 2,833,471 tons. However, our crude oil production has declined by 21 percent in 10 years. This decline comes from the drop in production by the private companies, not TPAO.

Of the 16.521 million tons of crude oil consumed in Turkey as of 1978, 13.1 percent reportedly was gasoline, 26.8 percent diesel fuel, 36 percent fuel oil and 23.9 percent other petroleum products. According to this, 62.8 percent of national

consumption has been fuel oil and diesel fuel. For this reason, it was noted that significant savings could be realized in oil consumption to the extent that the use of fuel oil is reduced for energy and heating.



**Test Fields to Be Expanded.** It reportedly has not been possible to date to explore all of the areas in Turkey where oil is thought to be. The increase desired in oil production for many years has not taken place because of the failure to expand exploration owing to both bureaucratic red tape and rapidly increasing costs. However, with Prime Minister Ulu's government taking office, acceleration of these efforts has been registered. The above map shows in white the areas where oil is said to be in Turkey and in gray the areas thought to have no oil. The black spots within the white areas are the places where oil testing is now in progress. Efforts to expand these areas have been accelerated.

8349

CSO: 4907

## LABOR CONTRACT TALKS HELD IN ABEYANCE

Istanbul CUMHURİYET in Turkish 3 Oct 80 p 5

[Article by Sukran Ketenci]

[Text] Collective labor agreement activities have been included within the scope of prohibited union activities by decisions of the Labor Ministry and the Regional Labor Directorates. Stating that the notice requesting the halt of union activities which was sent to TURK-IS [Turkish Confederation of Labor] member unions after those which had been closed were reopened had been incomplete or misunderstood, ministry authorities asserted that the conduct of collective agreements was the most important of union activities and said that halting other activities had no meaning if this were permitted.

The ministry authorities pointed out that union activities had been halted temporarily and that the unions would be free to resume their activities upon further notice, most likely after completion of the legal changes revising union life.

In addition to the [National Security] Council [NSC] decisions banning strikes and lockouts and suspending the activities of unions affiliated with the Confederation of Revolutionary Worker Unions, the Confederation of Nationalist Labor Unions and the Turkish Moral Rights Workers' Trade Union, activity restrictions were placed also on some TURK-IS and independent unions. TURK-IS reported in a letter sent to its member unions the decision that no union activities should be conducted, including general assemblies, delegate elections, organizing and meetings, in the sense of being helpful to NSC endeavors. Despite TURK-IS' having used the wording: "Every sort of union activity should be halted," some unions have proceeded with collective agreement activities as collective agreements were not mentioned by name. However, when lists were requested from the Regional Labor Directorates or from the ministry directly for the formation of the conciliation boards required by contract negotiation procedure or new authority at workplaces where contracts had expired, the Labor Ministry and the Regional Labor Directorates reported that these requests could not be fulfilled since collective agreement activities had been halted.

## Production Increasing

According to information given by President Halit Narin of the Turkish Confederation of Employer Unions, production has increased significantly in every area since the cancellation of strikes and the return to work at all workplaces in accordance with NSC decisions. While production has reached 90 percent at the workplaces, a 70 percent raise has been realized in the workplaces where strikes and lockouts were lifted and in the workplaces where strikes were postponed or union activities suspended.

More than 250,000 workers -- including 50,000 at places where strikes and lockouts were cancelled, 147,000 at places where strikes were postponed and more than 50,000 at places where contract negotiations had begun but union activities were suspended -- have benefited from the 70 percent raise.

#### Differences

However, since the 70 percent raises especially at the places where strikes were in effect and there had been long-term disagreement came out at least to the level of wages 2.5 to 3 years ago, this caused differences with the contracts in the same branches of labor which had been signed later. For this reason, most employers in metals applied the 70 percent raise as net. Especially the employers in such branches as metal and glass applied to the Labor Ministry with proposals to equalize wages for the branches of labor in order to prevent unfair competition among workplaces.

The prominent businessman, Vehbi Koc, in a statement at an employers' meeting, defended the need to take advantage of the suspension of union activities to ensure steady production at the workplaces and contended that the reasonable demands from the earlier union contract negotiations should be paid to the workers.

Because strikes had been going on for months especially in textiles and metals and even the earlier disparities were outdated, significant wage differences occurred between these workplaces and those where contracts had been signed earlier by other unions. In textiles, for example, the average wage at a place where there had been a strike is around 7,000 net, while it is around 14,000 net at another place with the same production but where a contract was signed without a strike. As for contract negotiations in the same branch of labor which were in progress on 11 September 1980, the sides have reached a point of agreement on 16,500 liras net and the payment of a difference of at least 70,000 liras for the period in which the strike was in effect.

Employers have applied to the Labor Ministry for a solution along the lines of equalizing the wage differences in the branches of labor as they are objectionable both for the workers and from the standpoint of creating unfair competition among workplaces.

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CSO: 4907



## COUP'S IMPACT ON WORKERS ABROAD ASSESSED

Istanbul TERCUMAN in Turkish 5 Oct 80 p 9

[Text] The close to a million fellow citizens employed abroad have reacted with joy to the 12 September takeover. They say, "We support, from our hearts, this action that will eliminate those that destroy and divide our armed forces, which have answered the call of the Turkish people."

Our workers living abroad, who have complained about the negligence of past governments, cherish the hope that solutions to the problems that have been ignored for many long years will be forthcoming from the new administration. They have this to say about the subject and what, in particular, is expected from the new administration:

"The workers employed outside the country had become a sector that was ignored as well. Until today, we were looked upon as tools to provide foreign exchange, and our problems were dismissed with promises of solution. The anarchy that existed in Turkey became a gigantic nightmare for us, the Turkish workers living abroad. We give thanks to God that the anarchy that has troubled Turkey will be eliminated by the intervention of our heroic armed forces. In the meantime, as a result of ameliorative work on our economy, Turkey will become the place it deserves to be. One of the most important topics today upon which the workers employed outside the country expect action concerns the education of their children. Unfortunately, more than 500,000 Turkish children living abroad are being deprived of every sort of education. They have been abandoned to the justice of negligent persons who make excuses. In West Germany alone, there are 230,000 Turkish children of primary-school age, and they are receiving neither a Turkish nor a German education. Classes taught in this country have ceased being useful because of the presence of unqualified and politicized teachers. We expect the new government to send an adequate number of capable Turkish teachers as part of its first plan. In the meantime, our needs for textbooks appropriate to the Turkish curriculum must certainly be met within the shortest time possible. Furthermore, Turks are unable to benefit from West Germany's nursery schools and day-care centers for preschool children in which they could learn the language. Oftentimes our children, despite the fact that they are of school age, are unable to succeed in

German schools because they do not know the language. As a result, our children are destined to becoming unskilled workers in Germany. We ask that our children be given an education appropriate to Turkish custom and usage. We believe that the new government will help us in every way in this area."

#### **Prime Minister Uluu To Submit Report**

In the meantime, it was learned that Bulend Uluu will submit to the government a report on the problems of Turks living abroad that was drafted by the administrators of a Turkish organization composed of members from various European countries.

The report lists the major requests of our workers employed abroad. They are:

"The visa requirement that was instituted as of 5 October in several European nations, the chief of these being West Germany, was a one-sided and unjust decision. Because of this decision, it has become difficult for workers employed abroad to travel from one country to another and, at the same time, it is impossible for the relatives of worker families to be their guests. Most importantly, this decision of the Germans destroys one's pride. Effective measures against the visa requirement must definitely be taken, and the Germans must retract this decision.

"Workers are being harassed at customs when entering and leaving the country and are being forced to give bribes. This practice must be put to an end, and those who work abroad must not be subjected to torture upon entry into or exit from their motherland.

"Various laws, the chief of these being the constitution, will be changed in Turkey. For years, Turkish workers living abroad have sought to use their votes in elections. The vote of the more than a million persons living outside the country will give them a voice to which political parties will listen. From this standpoint, workers employed abroad must be allowed to vote in elections, and a law to ensure this must be enacted.

"Workers employed abroad obtain retirement benefits by paying into the SSK [Social Security Organization Directorate General] for the period they work in the country in which they are located. Everyone, of course, is aware of the extent of unemployment in Turkey. Present-day practice forces workers in foreign countries to retire at an early age. However, a significant number of them own businesses that bring in an adequate income. Retirement in Turkey is attractive from the standpoint of being of assistance to relatives living in Turkey. Revision of the law to allow workers in foreign countries to retire without requiring them to return to Turkey will ensure that a greater amount of foreign exchange will be sent to Turkey and will not cause workers to be treated unjustly.

"Workers employed abroad complain about being molested by militants, particularly by those who are students, who expound extremist views. The new government must take the necessary measures against those who seek to divide and the anarchists who take on the identities of students and workers and who create the environment they desire in order to perform all sorts of heinous deeds in Europe. By taking measures, these stateless persons' poisonous propaganda that divides the workers and pits them against one another will be prevented. For this reason, the passports of these types of people must be annulled."

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## GOLD RESERVES, FOREIGN EXCHANGE REGISTER INCREASE

Istanbul MILLIYET in Turkish 26 Sep 80 p 9

[Article by Ugur Aker]

[Text] The Central Bank's foreign-exchange and gold reserves have increased since the beginning of August. Reserves on 12 August 1980, the date of the last balance sheet published by the bank, covered Turkey's foreign-purchase requirements for a 78-day period. At the end of July, they were only able to meet a 33-day period of foreign-purchase needs.

The major factor in the increase in reserves between 25 July and 1 August was the credit made available by the IMF. Whereas the Republic of Turkey Central Bank's indebtedness to the IMF was 19.3 billion liras at the end of July, this figure rose to 37.7 billion liras a week later.

Payments made during the month of July reduced the foreign debt by \$400 million. The foreign debt, which climbed as high as \$5 billion in June, has been reduced to less than \$4.7 billion since July.

The ratio of reserves to foreign debt, which was 12.3 percent on 1 February 1980, increased slowly and reached 15.8 percent on 2 May. The reserve-foreign debt ratio, which tended to decrease following that date, fell as low as 12 percent on 25 July. As a result of a continuous increase during the past month and a half, reserves on 12 September were equal to 22.9 percent of the foreign debt.

The Central Bank can be seen as one of the elements in raising the ratio between reserves and the foreign debt. In June, the net foreign debt reached its highest level at 341 billion liras. This was reduced to 289 billion liras by 12 September. The increase noted since June in the bank's total reserves is derived from banknotes in circulation (50 billion liras), mutual deposits (17 billion liras), and other sources (25 billion liras).

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## TAX REFORM ISSUE GIVEN NEW IMPETUS

## Methods for Tax Reform Examined

Istanbul MILLIYET in Turkish 5 Oct 80 p 2

[Article by Professor Dr Halil Nadaroglu, Dean of the Faculty of Economics at Istanbul Academy of Economic and Commercial Science: "Tax Reform: How and Why"]

[Text] Tax reform is a concept conveying /radical/ [in boldface] and /long term/ [in boldface] changes in the tax system, not just some simple revisions and corrections.

When circumstances require, it may be very useful in reducing the effects of inflation, for example, simply to raise the minimum subsistence deduction without altering the tax system. But this is an /adjustment/ [in boldface]. It is not tax reform.

Examples of tax reforms carried out in Turkey to date would be introduction of the General Excise Tax in 1926 to rectify the loss of revenues which came with abolition of the Tithe in 1925 and the switch from the Profit Tax to the Earnings Tax. The biggest tax reform in the republican period is, without doubt, the Income Tax reform in 1950. Not content with introducing the Income Tax into the tax system as the only modern tax, the Corporation Tax, the Tax Procedure Law and the Guild Tax Law, later rescinded, were also put into effect at that time. In this way, the architecture of the Turkish tax system came about suddenly, giving it the superficial appearance of the tax systems of certain Western nations. Some radical changes made as a result of the work of the Tax Reform Commission, which was formed in 1961 and sat for 10 years, are the final example of tax reforms in the republican period.

## A Dynamic Concept

Tax reform is a dynamic concept. It is impossible to make a one-time tax reform and stay happy with it for a long time, because a tax system has to conform to the economic, social and political conditions of the nation in which it is applied and has to keep up with developments and changes in these conditions. Conditions in society and the structures depending on them change rapidly nowadays. Indeed, sometimes events and decisions on the international scene even make it necessary for nations to undertake reforms in their tax systems. An example of this would be tax reforms made necessary by resolutions adopted by the decision-making bodies of the EC, requiring conformity of member nations' tax systems.

Because of political instability and imbalances in parliament in Turkey, it has not even been possible to carry out certain simple adjustments, much less a reform, although conditions had changed a great deal. Today, the point has been reached where great social and economic upheaval will occur unless a tax system is introduced within a reasonable period of time which will be fair for the taxpayer, productive for the Treasury and in keeping with the economic policy being pursued. Thus:

Distribution of the tax burden in Turkey has gradually gained the reputation of being unfair. Especially the heavy burden on wage earners is of a nature to go down in tax literature as a concrete example of injustice. The income tax schedule in effect today was set up in 1963. Because no adjustment was made in the schedule despite the increase in inflation from that time to this, the income tax has become a flat ratio as to the results it creates. Yet, at the head of the elements which make for fair income taxes is the graduated scale. Vicious political conflicts have blocked every attempt to correct this situation.

Aside from the tax evaders who violate the law, those privileged by not paying taxes through various exemptions and exceptions written into the tax laws for political reasons have pushed their privileged status to the point of making a mockery of the sectors of society crushed under the tax burden. In this situation, the task of paying what those fail to pay falls again upon the wage earners and honest taxpayers because of the structure of the system and quirks in the income tax.

Therefore, revising the schedule according to current conditions is no longer adequate. In Turkey, where inflation always threatens, attaching the schedule to an index to safeguard the future is a must. Otherwise, we will be faced with the same situation again in a year or two.

Carrying out certain reforms in the area of indirect taxation has also now become unavoidable. The value added tax, which has now come into its own in Europe, should replace the sales tax, which has lost most of its function. Nevertheless, the preliminaries required for carrying out such a reform -- such as training of personnel nationwide and educating the taxpayer -- have been sadly neglected to date. For this reason, the switch to a value added tax must be carried out carefully and so as to avoid errors made in haste.

There are certain sectors in Turkey exempted from paying taxes and which have retained this privilege in all periods. For example, tradesmen, craftsmen, independent professionals and a large part of the commercial sector pay no taxes. It is necessary to ask: Is their tax exemption to continue under the present political circumstances when there is no question of worrying about votes? The authorities are obligated to make their preferences known on this matter, to make a decision and take a definite stance.

Taxation of the agricultural sector has long been a topic of speculation in Turkey. Agriculture ought to pay its share of the taxes like every other sector. However, as the goal of taxation of the agricultural sector would be that the large landholders pay the necessary tax, no one would say anything about that, but it must not be forgotten, either, that the small agricultural units do not have much of a capacity for taxation. It would be well to take up this matter with an approach devoid of any prejudice.

## Problem of Priorities

If a tax reform is realized, it is absolutely necessary to bear forcefully in mind the principle of "deriving the optimum use from all resources in taxation." Consolidated budget expenditures in fiscal year 1981 are expected to exceed 1.5 trillion liras. How expenditures of such dimensions will, in fact, be met is a problem requiring thought for Turkey. Regardless of the scientific approach taken, it will not satisfy the public conscience unless those who do not pay taxes by taking advantage of loopholes or by ignoring the laws are also put in the position of paying taxes.

It is necessary that a tax policy be in harmony with the preferences related to the monetary policy and the economic policy pursued. Since implementation of a market economy has been adopted at bottom for the present, it is necessary that the tax policy also have an encouraging effect on voluntary savings and investments and a deterrent effect on consumption. There are actually some provisions in the present tax laws that would help in realizing these goals. Consideration may be given to the addition of certain new provisions and the revision of these according to present conditions.

## The Time is Ripe

Tax reforms would be realized in two basic stages:

- Technical work
- Political process

The chance for success at the technical level depends first of all on the existence of adequate and competent technical expertise. Such expertise has been around for a long time in Turkey in the structure of the Finance Ministry. And it is there today. If these people consult with the circles concerned and authorities from outside the ministry in their work and discuss the problems with them first, the chance of success will be greatly enhanced.

As to the political process, there could be no time better than the present for realizing tax reform, because the body performing the legislative function has neither to worry about votes nor a problem of party interest. If the tax reform which it has been impossible to realize for years cannot be realized now, there is nothing to do but give up all hope and resign ourselves to fate.

## Tax Bills Nearly Completed

Istanbul TERCUMAN in Turkish 7 Oct 80 pp 1,12

[Text] Ankara -- The tax bills on which the Finance Ministry has been working for some time have reached the final stages, it was learned. The annual income of wage earners will reportedly gain 61,200 liras with realization of the minimum subsistence deduction included in the new tax bills.

It was noted in this context that the new tax bills will prevent 250 billion liras in annual tax losses and that there will be a 40 percent tax on 1 million liras' income.

Work at the Finance Ministry is in the final stage on income-expenditure, minimum subsistence deduction, corporation, vehicle and transport vehicle, property, death and inheritance duties and other tax bills.

#### Tax Litigation to Become Functional

While the tax revisions will prevent tax revenue losses of 250 billion liras per year on the one hand, tax litigation reportedly will also become functional, tax evasion will be put under strict control and an interest collection procedure will be introduced in proven cases of tax evasion.

The new, 50-page tax bills also contain provisions to encourage exports and investments and to simplify taxation procedures by eliminating bureaucratic red tape.

#### 40 Percent Taxes on 1 Million Liras

The income tax draft envisages 40 percent taxation on annual incomes of up to 1 million liras, 55 percent on those up to 2 million liras and 65 percent on incomes in excess of 3 million liras. Income in excess of 4 million liras will be taxed 75 percent according to the bill.

On the other hand, the bills contain new tax exemptions for the disabled.

There are three tax categories for the disabled, with taxation varying according to the degree of disability.

#### Finance Minister's Announcement

Finance Minister Kaya Erdem said, "Raising the minimum subsistence deduction will take place in the context of the tax law."

Finance Minister Erdem said the following on the subject:

"As pointed out in the government program, the effect of the tax burden on the low and fixed income groups will be minimized and tax rates will be set fairly. Thus, raising the minimum subsistence deduction to the minimum wage level will be applied in conjunction with the new tax law.

"Preparations in this regard are being made by the ministry's directorate general of revenues. Bills sent to the Assembly by previous governments are being used in preparing the tax laws. However, some matters which had been avoided before for political reasons will be included in the tax law this time."

The finance minister added that the tax bill would be completed within a week and sent to the Council of Ministers.

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CSO: 4907



## INFLATION TO APPROACH 100 PERCENT THIS YEAR

Istanbul MILLIYET in Turkish 7 Oct 80 p 9

[Text] Ankara-ANKA--It has been predicted that price increases in Turkey throughout 1980 will not fall below 98 percent.

Looking at the index points for the period from January through August on the wholesale-goods price index prepared by the Ministry of Trade, one can see that, if there is absolutely no increase in index points during the remainder of 1980 -- from September through December, the rate of inflation will be 97.9 percent.

If there is a 2-percent-per-month price increase for September, October, November, and December of 1980, the total price increase for 1980 will be 77.8 percent, and the average price increase, exceeding 100 percent, will reach 101.3 percent. Likewise, an estimate based on the prediction that prices will climb approximately 3 percent each month places the total price increase at 84.9 percent and the average rate of increase even higher, at 103.3 percent.

According to official figures prepared by the Ministry of Trade, the total rate of price increases for January through August, the first 8 months of 1980, reached 64.3 percent. Calculations based on the belief that there would be no change in the general level of prices in the months following August place the average increase at 97.9 percent and demonstrate that the average increase of 63.9 percent for all of 1979 will be left far behind from the standpoint of inflation rate. These figures, at the same time, invalidate official announcements that the 1980 inflation rate will be reduced to 50-60 percent.

In the meantime, price increases announced in September for sugar, fertilizer, and liquid fuel emerge as indisputable evidence that monthly price increases will be prevented from being small. Taking into consideration the fact that the price increases for these three goods alone create a 2-percent increase in price indices, one can certainly conclude that these price increases will directly or indirectly affect the prices of other products and that price increases for the month of September and ensuing months will exceed 2 percent by a considerable amount. Under these conditions, the general level of prices cannot fail to rise a great deal over 100 percent.

## OZAL DISCUSSES QUEST FOR ECONOMIC STABILITY

Istanbul MILLIYET in Turkish 27 Sep 80 p 10

[Text] Ankara, Special -- Minister of State and Deputy Prime Minister Turgut Ozal, interviewed on television yesterday, said that measures concerned with the tax laws would be taken as soon as possible. Ozal explained the reasons for the latest price hikes on sugar and fertilizer and pointed out the need to apply the stabilization program patiently for 4 or 5 years, even though administrations change.

Ozal answered questions as follows, in summary:

Economic Stabilization Program

Question: What is the goal of the economic stabilization program? What stage has been reached today as to these goals?

Answer: As you know, after the large oil price increases in 1973, Turkey quickly spent an important part of the foreign exchange reserves it had at that time. The Turkish administration at that time was unable to take the measures necessary to resolve a number of problems that this crisis, i.e., the oil crisis, brought on. As a result, although an interim situation was carried out with short-term loans, "the sea ran dry," in the expression of our people, after the middle of 1977 and after that point, inflation continued to spiral. A number of measures taken in 1978 and 1979, unfortunately, were inadequate and inflation continued to spiral with these measures. Towards the end of 1979, the inflation rate was approaching three digits, something unprecedented in its history for a country like Turkey. As 1980 began, Turkey's economic picture looked more or less like a collapsing building. Serious measures had to be taken. I can say that if serious measures of some sort had not been taken, the Turkish economy would have collapsed. And of course this state would have gone with it. The measures have some interim goals and one major goal. Achieving the major goal, in my opinion, is a problem of 4 to 5 years, more or less. I have never said it was a short-term problem, and I am not saying that now. However, this does not mean there will be one happening to put us in clear sailing after 4 to 5 years. The situation may steadily improve with the transition to a sound economic order taking place over 4 to 5 years. And the one meaning of this is that this program must be applied seriously for 4 or 5 years. The continuous process must go on in the same way even though changes of administration take place. In my opinion, we may sum up the major goals of the program at the outset in this way: to overcome the oil crisis, to eliminate certain shortages, to eliminate bottlenecks, to prevent wide-scale black markets, to bring down the rate of inflation, to improve the foreign exchange situation. These

major goals were achieved in turn. The oil crisis cleared up after approximately 2 months. Today there is no question of an oil shortage hardly anywhere in Turkey. Towards the end of June, a large part of the commodity shortages were also more or less eliminated. There may be a few shortages, but they are regional or negligible and not important as to nature. Besides this, some decline began to show in the inflation rate after April, and in the past 3 months, in June, July and August, it went down below 2 percent, something which must be rather a big success, and, in fact, foreign circles consider it so at the moment. Along with the drop in the rate of inflation, this important result has also been achieved in the monetary policy: the difference between the foreign exchange value of Turkish currency, the black market value and the official value is so close as to be almost negligible. Because of this, worker remittances have increased on a wide scale in these past months. Worker remittances in July and August just past rose to \$280 million per month, 2.5 times more than last year. And this increase is seen to be continuing into September. There are serious increases, though not on the same scale, despite the fact that September is not a travel month. This September, in fact, we have been able to get some ease that we have not had for 2 or 3 years in foreign exchange transfers. Of course, an important development also is the changes made in the banking system in recent months. Especially the measures to increase the people's tendency to save have been useful on a large scale, with almost as much money coming into the banks in one month in July as came in 6 months. This increase in the tendency to save will have a great advantage in increasing investments and especially production in the future.

Question: I understand from what you are saying that the stabilization measures produce positive results gradually. I would like to go from here to a second question. Price adjustments were made in the past few days on certain basic items, sugar, fertilizer and petroleum products -- which I name just to refresh your memory. Would you say something about this?

Answer: A major topic in implementation of the stabilization program is the elimination or reduction to a minimum of the subsidies which strain the Turkish economy and lead to poor use of our resources. A primary reason for the situation Turkey has got itself into is the subsidies which had managed to reach half the budget. Actually, a lot of payments went into these subsidies, that is, no one should believe that the state treasury is endless. The state treasury is the national treasury and it should not be thought that this treasury is bottomless as regards the budget. The subsidy policy has done Turkey no good; it has resulted in forcing the state to print money through the Central Bank. And this has stimulated inflation. The foremost causes of the hardships we have suffered in recent years consist of these. Of course, increasing inflation in this way puts rather a strain on the low income groups, which means that since inflation has been stimulated as a result of the subsidy policy, it is the low income groups which are most hurt by it. Now, oil is something we import from abroad and we have to pay the going price for it. There can be no question or thought of a subsidy here. The price of oil, as you know, continues to go up abroad. Also, the price increased because it is being bought for dollars at a time when our rate of exchange is fluctuating. As for sugar, there are two important factors affecting the price of sugar. One is the price of beets, the other is the wages we pay our workers employed in these factories. Of course, there is also the question of a wage increase. As a result, these two factors play an important role in the price of sugar. World sugar prices at present are pretty much higher than sugar prices in



Turkey. These adjustments were made for the purpose of bringing sugar into balance. There is still a large subsidy on fertilizer. Fertilizer is an important agricultural input and we consider it advantageous to continue the subsidy. I have explained liquid fuel. It would be well to explain one other important point here. These decisions were actually made earlier. That is, they would have been applied either during this month, at the end of the month or the beginning of next month by the previous administration. I know because I was in charge of the program then, too. The important thing was to have a good example of continuing the program with courage and conviction, making it a tradition where the good things can continue even if the government changes, as is done in foreign policy. Or so I believe. What we have always seen in Turkey is that governments changed, good programs did not continue and the incoming government undid the good things the preceding one had done. I believe that from now on this will become a good habit, that it has been made possible at least to continue the good things.

#### Tax Measures

Question: You explained that the stabilization program will not be concluded in the short term. Now I am asking you, Mr Ozal, what will the tax laws be in this process? What do you think about the minimum subsistence deduction in parallel with this?

Answer: When the stabilization program was first drawn up, there were a set of measures to be taken by the government, most of which occurred in the form of a directive or decision. An important part of them, as you know, was taken in January. Some additions were made later, some are in progress at the moment and still more are yet to be taken. There was a second group of measures, measures having to do with the law. First, the fiscal stability law would improve the situation of the wage earners you just mentioned and at the same time ensure fair taxation. Besides this, there were certain tax laws such as the Added Value Tax which would replace a truly outmoded sales tax system. These were essentially serious laws to support this stabilization program. Unfortunately, they were not to pass parliament. Actually, the stabilization program is incomplete, I believe; something which I hope will be expressed in the government program, and I think it will be, so that it will be possible to apply the missing portions of this stabilization program. This means, of course, when you ask this question about 4 or 5 years, that matters having to do with the tax laws will be taken up as soon as possible, not in 4 or 5 years; that is, matters dealing with improving the status of wage earners will be taken up sooner (I have taken them out of the general run of the stabilization program). It would be well to repeat once more the significance of what the 4 or 5 years of the stabilization program, or this new economic program, mean, since improvement is being seen from the outset. I have said all along that this improvement will not be in the form of a sudden sigh of relief. Our people have been through a lot of hardship, and relief will come slowly. Slowly, but surely. Sudden relief would set us on the wrong track. We have the winter ahead, there are certain changes in world conditions, as we know, therefore we must be extremely careful in the stabilization program. It is necessary not to refan the flames of inflation which are beginning to die down. It is necessary to work within these parameters to bring a measure of relief as soon as possible to the situation of the wage earners. I think that the legal possibilities for this are better today. Of course, it is necessary never to exceed these parameters; we will get quicker results if we progress without doing so. When we do, we are likely to cause a relapse and then we will have even worse problems.



Question: I would like to ask you one last question. What effect will the 12 September action have on the Turkish economy?

Answer: Well, they summoned me to the Prime Minister's Office the morning after the 12 September action began. Of course we do our duty, and I made some explanations on the matter, on economic matters. You know that the banks were closed the first day, there was a curfew anyway. My recommendation at that moment was that no restrictions be put on the banks, that the market open as usual as I did not think there would be any withdrawals. If we had put on restrictions, this may have happened and I did not believe the action would have any negative effect. In fact, as you know, restrictions were not put in place and, as we had guessed, no deposits were withdrawn. In fact, deposits were made. This was more or less the case in other operations, in the previous operations; for example, deposits were withdrawn during the Cyprus operation. I believe, though I do not remember it very well, that some restrictions were made during the 27 May operation, causing difficulties. So I think that the confidence brought by the operation will rather be helpful to improvement of the economic climate.

8349

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## SALE OF PARCEL LAND TO BE BANNED

Istanbul HURRIYET in Turkish 3 Oct 80 pp 1,13

[Article by Bulent Erandac]

[Text] Ankara (HURRIYET) -- Minister of Reconstruction and Resettlement Serif Tuten has declared war on those who sell parcels of land on paper by playing on people's emotions. "The necessary legal arrangements will be made soon," he said.

Tuten, in a special statement to HURRIYET, announced that his ministry had proposed a bill to the National Security Council to prevent subdivided sales and the parcelling up of the seashores.

Minister Tuten asked that, before proceeding, citizens apply to the mayors or to district administrative offices when outside municipal limits and obtain information about the plots to be sold.

He pointed out that paper sales would definitely be prevented with passage of the law and said:

"Deception of the citizens will be prevented. It will be possible in this connection for vacant areas to be used for swimming because subdivision of the shores will be avoided. Besides allowing public use of the beaches, disorderly developments will be prevented."

The reconstruction and resettlement minister stated that the municipalities would be strengthened with passage of the Municipal Revenues Law and, as a result, they could take some of the burden off the ministries. He said:

"There are almost 2,000 municipalities in Turkey. Strengthening them will allow for the orderly provision of services and reduction of inconveniences to the citizens. This will strengthen democracy. After the municipalities make their environmental plans, they can go ahead with the orderly conduct of their affairs following approval of the reconstruction plans by the Reconstruction and Resettlement Ministry. The environmental plans to be prepared by the municipalities will allow citizens to buy land with peace of mind."

**END OF**

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